



## **Cameco Corporation**

# **Third Quarter 2024 Results Conference Call Transcript**

**Date:** November 7th, 2024

**Time:** 8:00AM ET

**Presenter:** **Cory Kos**  
Vice-President, Investor Relations

**Tim Gitzel**  
President and Chief Executive Officer

**Grant Isaac**  
Executive Vice-President and Chief Financial Officer

**Heidi Shockey**  
Senior Vice-President and Deputy Chief Financial Officer



**Operator:**

Welcome to the Cameco Corporation Third Quarter 2024 Results Conference Call.

As a reminder, all participants are in listen-only mode and the conference is being recorded.

Following the introductory remarks, there will be an opportunity to ask questions. To join the question queue, you may press star, then one on your telephone keypad. Should you need assistance during the conference call, you may signal an Operator by pressing star, then zero. Webcast participants are asked to wait until the Q&A session before submitting their questions, as the information they are looking for may be provided during the presentation. The Q&A session will conclude at 9:00 AM Eastern Time.

I would now like to turn the conference over to Cory Kos, Vice-President, Investor Relations. Please go ahead.



**Cory Kos:**

Thank you, Operator, and good morning, everyone. Welcome to Cameco's Third Quarter Conference Call.

I would like to acknowledge that we are speaking from our corporate office, which is on Treaty 6 territory, the traditional territory of the Cree peoples and the homeland of the Métis.

With us today are Tim Gitzel, President and CEO; Grant Isaac, Executive VP and CFO; Heidi Shockey, Senior VP and Deputy CFO; and Rachelle Girard, Senior VP and Chief Corporate Officer.

I'll hand it over to Tim momentarily to briefly discuss the strength of today's fundamental market dynamics, as well as our progress with the continued execution of our strategy, which has us returning to a tier-one cost structure and delivering strong production performance while maintaining a solid financial position. After, we will open it up to your questions.

Today's call will be approximately one hour, concluding at 9:00 AM Eastern Time. As always, our goal is to be open and transparent with our communication. However, we do want to respect everyone's time and conclude the call on time. Therefore, should we not have time to get to your questions during this call, or if you would like to get into detailed financial modeling questions about our quarterly results, we would be happy to follow up with you after the call.

There are a few ways to contact us with additional questions. You can reach out in the contacts provided in our news release. You can submit a question through the Contact tab on our website, or you can use the Ask a Question form at the bottom of the webcast screen, and we'll be happy to follow up with you after this call.

If you join the conference call through our website event page, there are slides available, which will be displayed during the call. In addition, for your reference, our quarterly investor handout is available for download in a PDF on our website at [cameco.com](http://cameco.com).



Today's conference call is open to all members of the investment community, including the media. During the Q&A session, please limit yourself to two questions and then return to the queue.

## Forward-Looking Information Caution

This presentation includes forward-looking information or forward-looking statements under Canadian and U.S. securities laws, which we refer to as "forward-looking information". Forward-looking information can generally be identified by the use of words such as "approximately", "may", "will", "could", "believes", "expects", "intends", "should", "would", "plans", "potential", "project", "anticipates", "estimates", "scheduled" or "forecasts", or other comparable terms that state that certain events will or will not occur. It represents the projections and expectations of the Company relating to future events or results as of the date of this presentation. This information about our expectations for the future is based upon our current views, which can change significantly, and actual results and events may be significantly different from what we currently expect. Examples of forward-looking information that may appear in this presentation include but are not limited to: uranium demand, supply, consumption, prices, long-term contracting, production, and our ability to meet delivery commitments; our expectations for our nuclear technology and services investments; outcome of litigation or other disputes; our future plans, strategies and outlook; expectations regarding our dividend payments; our debt repayment and future financing plans; and our objectives regarding environmental, social and governance goals. Material risk factors that could cause actual results or events to differ materially from those expressed in, or implied by, the forward-looking statements contained in this presentation, are disclosed in the sections entitled "Material risks", and "Material risks that could cause actual results to differ materially" and "Risks that can affect our business" in our most recent Annual Information Form (the "AIF"), and "Material risks" and "Material risks that could cause actual results to differ materially" of our most recent annual management discussion and analysis (the "Annual MD&A"), as such disclosure shall be updated from time to time in Cameco's continuous disclosure documents. Readers are cautioned that the risks referred to above are not the only ones that could affect Cameco. Additional risks and uncertainties not currently known to Cameco or that Cameco currently deems to be immaterial may also have a material adverse effect on Cameco's financial position, financial performance, cash flows, business or reputation. Forward-looking statements made in this presentation are based on a number of assumptions that Cameco believed were reasonable at the time it made each forward-looking statement. Refer in particular, but without limitation, to the sections entitled "Material assumptions" and "Assumptions" of the AIF, and "Material assumptions" and "Assumptions" of the Annual MD&A for a discussion of certain assumptions that Cameco has made in preparing forward-looking statements included or incorporated by reference in the presentation. The foregoing assumptions, although considered reasonable by Cameco on the day it made the forward-looking statements, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking information and statements are not guarantees of future performance. Cameco cannot assure investors that actual results will be consistent with the forward-looking information and statements. Accordingly, investors should not place undue reliance on forward-looking information and statements due to the inherent uncertainty therein.

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Forward-looking information contained in this presentation about prospective results of operations, financial position or cash flows that are based upon assumptions about future economic conditions and courses of action are presented for the purpose of assisting you in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes.

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Please note that this conference call will include forward-looking information, which is based on the number of assumptions and actual results could differ materially. You should not place any reliance on forward-looking statements. Actual results may differ materially from these forward-looking statements, and we do not undertake any obligation to update any forward-looking statements we make today except for as required by law. Please refer to our most recent annual information form and MD&A for more information about the factors that could cause these different results and the assumptions we have made.

With that, I'll turn it over to Tim.



**Tim Gitzel:**

Thank you, Cory, and good morning, everyone.

We appreciate you joining us on our call today. I'm sure you all closely followed the U.S. presidential election this week. I would like to offer congratulations to both President-elect Trump and to all of our friends south of the border for shaping the future of your nation by exercising your democratic right to vote. We look forward to ongoing bipartisan support for the nuclear sector across the political spectrum, not only in the U.S., but here in Canada and throughout the western world.

As we get started here today, I first want to ensure stakeholders look past the noise and understand the headline items in our disclosure this quarter. As I will touch on shortly, we continue to see a trend of improving operational performance in both our uranium and fuel services segments, bringing us back to a tier-one cost structure and supporting dividend growth. Our outlook for the year remains strong and consistent with our expectations, and long-term contracting activity is expected to continue gaining momentum with ongoing off-market interest and increased reported volumes added subsequent to the quarter.






When it comes to our financials, equity earnings from Westinghouse were and will continue to be impacted by the amortization of the intangible assets that arose as a result of the required accounting for the acquisition. That is why we focus on and provide outlook for Adjusted EBITDA as a performance measure for Westinghouse, as it adjusts for these elevated amortization costs, which do not reflect the underlying business performance.

Looking past the quarterly earnings, which as always, can vary significantly, there is a clear underlying trend of improving operational performance and cash flow generation across our businesses and investments. This trend is backed by stable and rising market prices, driving nearly \$1 billion in Adjusted EBITDA for the first nine months before those acquisition-related purchase price adjustments.


At Cameco, we are exceptionally well-positioned, and we continue to see growing demand for nuclear power with the agreements to support nuclear that we've all been hearing about becoming signed commitments to build new reactors. In the third quarter, we continue to see the growing positive momentum and support for nuclear energy among governments, energy-intensive industries, and within the general public.

## Demand Drivers

Full-cycle demand durability



Cameco  
Energizing a clean-air world



### Fundamental Demand Drivers

- Decarbonization & electrification
- Sustainability focus creating electron accountability
- Energy security focus
- Non-traditional demand (SMRs, advanced reactors)
- Traditional demand growth in the near, mid, and long-term with restarts, life extensions and new builds

**Demand from financial investors as well, driven by intrinsic value of low-carbon energy uranium**

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That support is generating durable full-cycle demand, which we believe is stronger than ever. For the past two years, we've regularly highlighted demand durability across the fuel cycle and the unparalleled opportunities emerging in the near, mid, and long-term markets. Those fundamental drivers, things like decarbonization, sustainability, energy security, and growing energy demand, all remain solid and unchanged.



**Supply Uncertainty**  
Risks continue to shift to customers

**Fundamental Demand Drivers**

- Decarbonization & electrification
- Sustainability focus on electron accountability
- Energy security focus
- Non-traditional demand (SMRs, advanced reactors)
- Traditional demand growth in the near, mid, long-term, with restarts, life extensions and new builds

**Demand from financial investors as well, driven by intrinsic value of low-carbon energy uranium**

**Tight Supply Environment**

- Low prices resulted in:
  - Supply curtailments
  - End of reserve life
  - Lack of investment in supply development, exploration
- Global supply chain challenges
- Geopolitical & trade policy issues creating origin risk

**Development risk: unproven assets, cost inflation & schedule delays, increasing regulatory scrutiny**

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However, on the other side of that equation, future supply continues to be uncertain, with a need for improved long-term market prices to underpin supply economics and support ongoing investment.

While the long-term uranium price has now crept up to its highest level in over a decade, we're still not seeing significant investments in the projects needed to satisfy future demand to run the existing reactors, let alone those reactors being saved and restarted, reactor life extensions, and new reactor builds.

As we can clearly see today, following the U.S. ban on Russian uranium imports, uranium supply and services across the fuel cycle take time to respond. Despite the established need for more



supply amid the current tight and uncertain market, long-term contracting through the first nine months of the year remained relatively slow.

While that's far from unusual in the nuclear fuel cycle, where long-term prices are only quoted monthly due to the low frequency of executed transactions, there are a few key developments that are not only driving utilities to review procurement plans but prompting producers to re-evaluate sales strategies.

Contracting continued to be impacted by things like the U.S. election, the Russian uranium ban, which took effect in early August, uncertainty with respect to the process to obtain waivers under that ban, and new demand emerging from energy-intensive industries which could reshape the nuclear fuel cycle landscape in the decades to come.

## Active Long-Term Contracting

Remaining selective to maintain exposure to incentive pricing



Average committed sales of  
**29 million lb.. / year**  
for **2024-2028**

Commitments span  
more than a **decade**



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As we expected in our last quarterly call, the cautious approach by fuel buyers has started to give way to an increase in utility interest, both publicly in the market and off-market, through bilateral negotiations with producers.






As contracting picks up, we continue to be selective in committing our uranium inventory and UF6 conversion capacity in order to maintain a contract book that preserves exposure to the rising prices while maintaining downside protection. We're seeing significant interest in the extremely tight conversion segment of the fuel cycle, which remains at historic prices far higher than anyone in our market had anticipated.

However, in the uranium market, the first nine months remained lighter, with increased volumes subsequent to quarter-end followed a couple of larger uranium contracts signed in October. Those deals boosted long-term contract volumes from just over 50 million pounds at September 30 to about 90 million pounds as of last week.




That said, long-term contract volumes still remain well short of replacement rate, so it's important to reiterate that requirements can be delayed and can be deferred but buying the uranium fuel required to keep the lights on cannot be avoided. Future needs are still future needs, and not only do we need to catch up on over a decade of under-contracting, but the world also has a fleet of retiring fossil fuel generation that needs to be replaced.

## Global Focus on Clean Energy

Nuclear is a central part to a secure energy transition



Energizing a clean-air world

<b>Nuclear energy:</b> An important part of the solution to help avoid some of the worst consequences of climate change, providing safe, affordable, reliable, zero-carbon, baseload electricity	 <b>Rising demand for baseload electricity</b>  Replacement of fossil fuels and rapid adoption of new technologies is creating increased demand for stable electricity	 <b>Supportive government and corporate announcements</b>  New and renewed commitments, as well as life extensions for existing reactors driven by energy security concerns, amplified by geopolitical uncertainty in parts of the world	 <b>Increased uptake of net-zero goals</b>  >140 countries have set net-zero targets, >9,000 businesses have committed to emissions reduction actions by 2030
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Nuclear addresses all the key considerations influencing energy policies and international plans for replacing carbon-emitting energy sources. Future energy supply must be secure, carbon-free, reliable, and uninterrupted, and in each of those categories, nuclear is in a class of its own.

Amid intensifying geopolitical challenges and various sustainability-related factors, procuring the required nuclear fuel from responsible, reliable, experienced, and sustainable suppliers like Cameco is more important than ever. Therefore, the positive momentum for nuclear energy and the tightness of full-cycle supply puts Cameco in a unique position to add significant value with what we believe are the world's premier tier-one fuel cycle assets alongside our investments across the reactor life cycle.

With a strategy centered on full-cycle value, we've continued to optimize those assets as we shift back to a tier-one cost structure.

## 2024 Third Quarter Highlights

Returning to tier-one economics



<b>Increased dividend; dividend growth plan recommended</b>	<ul style="list-style-type: none"><li>• 2024 annual dividend of \$0.16/share</li><li>• dividend growth plan: \$0.04/year to reach \$0.24/share in 2026</li></ul>
<b>Strong uranium and fuel services performance</b>	<ul style="list-style-type: none"><li>• strong production performance for third quarter and year-to-date in both uranium and fuel services segments</li></ul>
<b>Increased 2024 production outlook at Key/McArthur</b>	<ul style="list-style-type: none"><li>• now expect 19 M lb. (100% basis), up from 18 M lb. (100% basis)</li><li>• off-cycle investments in the Key Lake mill paying off</li></ul>
<b>Joint Venture Inkai production lower than expected</b>	<ul style="list-style-type: none"><li>• annual expected production now ~7.7 M lb. (100% basis)</li><li>• previous target of 8.3 M lb. was contingent on sulfuric acid deliveries on a specific schedule; development delays</li></ul>
<b>Realigned 2024 market and committed purchases outlook with supply plan</b>	<ul style="list-style-type: none"><li>• market purchases up 1 M lb., committed purchases down 1 M lb. on uncertain timing for receipt of JVI production</li><li>• additional production from McArthur/Key incorporated into supply plan</li></ul>

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With strong production performance through the first nine months of the year and a solid financial footing, our Board has approved an increase of our dividend from \$0.12 in 2023 to \$0.16 per common share for this year.



With fundamental improvement continuing across the market, we have recommended a dividend growth plan under which we expect to at least double the \$0.12 dividend in 2023, growing it to \$0.24 per common share through 2026.

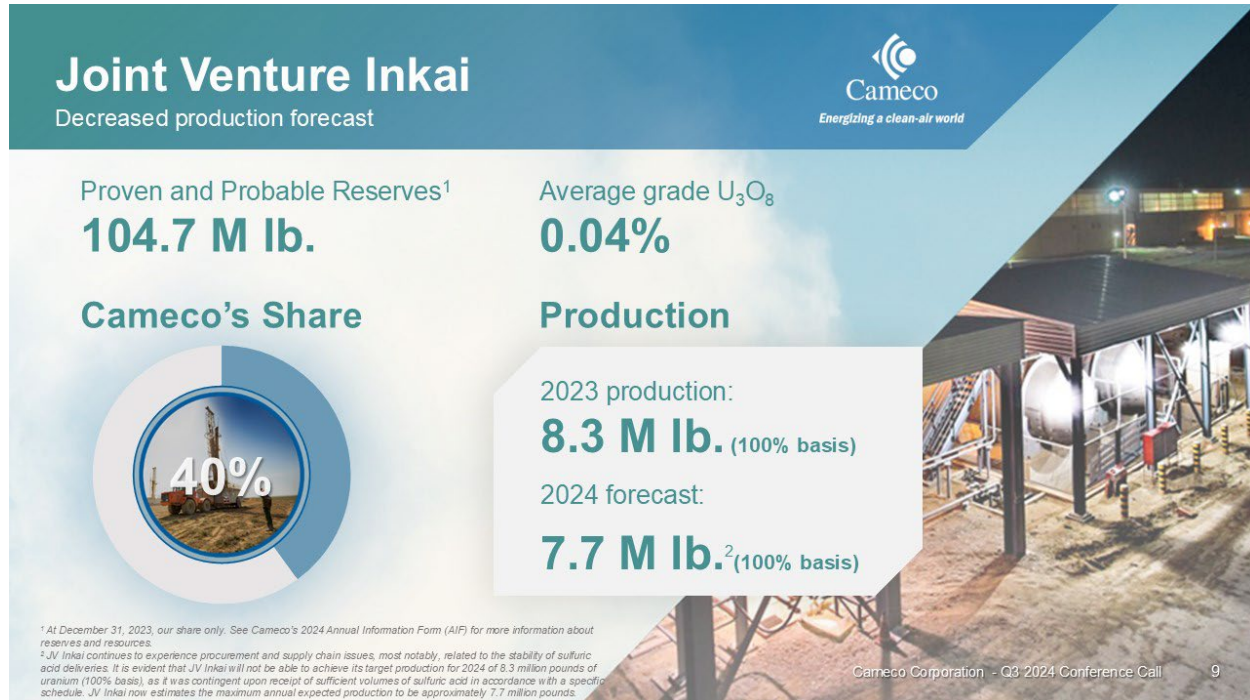
Turning to our results, I want to highlight a few developments this past quarter, starting in the marketing and operational areas of our strategy. In our uranium segment, we continue to evaluate the work and capital required to expand our McArthur River and Key Lake operations from 18 million pounds per year to the licensed capacity of up to 25 million pounds per year.

However, in the meantime, production at the Key Lake Mill has exceeded our expectations year-to-date and we now expect production of about 19 million pounds, up from 18 million pounds previously.

The improved 2024 outlook is primarily the result of various automation, digitization, and optimization projects we undertook while the operation was in current maintenance. Although the market conditions were difficult at the time, we intentionally made counter-cyclical investments. Those investments are now paying off. We are not only bending our cost curve as that improvement work was completed ahead of the incredible inflationary pressure we're seeing today, but as we evaluate the CapEx required to increase production and step with demand in our contract book, we are potentially now able to achieve a higher baseline level of production before making any additional investments in the key McArthur assets. Having more tier-one production in our portfolio is always a positive development for us.

The additional pounds can be feathered into our long-term contracts, providing further optionality, flexibility, and a de-risking of our supply stack. The first source of supply is our tier-one primary production, which always has a home under long-term contracts before it's pulled out of the ground. Based on available production, we then manage our other levers, including inventory, long-term purchases, loan material, and market purchases.

We carefully plan these supply sources years in advance, retaining access to multiple levers to manage risks, one risk being that a given source runs short of expectations.



That's what we're seeing at JV Inkai in Kazakhstan, which falls into our long-term committed purchase bucket of supply. We now expect production of about 7.7 million pounds of uranium from Inkai, down from last year's production and from our previous 2024 expectation of 8.3 million pounds.

The decreased outlook at Inkai is primarily due to the ongoing challenges related to sulfuric acid in that part of the world. There was enough acid procured to achieve the original planned production volume, but the timing of the deliveries of that acid shifted, pushing the development and production schedule into 2025. A portion of our share of this year's production, about 2.3 million pounds, has now arrived at a Canadian port, with shipments to Blind River now underway. However, our remaining allocation for this year is still under discussion with Kazatomprom.

Of note, we are currently finalizing an updated National Instrument 43-101 technical report for the Inkai mine, in which we will update the expected reserves, production profile, costs, sensitivities, and technical information.





## 2024 Third Quarter Highlights

Returning to tier-one economics



### Increased dividend; dividend growth plan recommended

- 2024 annual dividend of \$0.16/share
- dividend growth plan: \$0.04/year to reach \$0.24/share in 2026

### Strong uranium and fuel services performance

- strong production performance for third quarter and year-to-date in both uranium and fuel services segments

### Increased 2024 production outlook at Key/McArthur

- now expect 19 M lb. (100% basis), up from 18 M lb. (100% basis)
- off-cycle investments in the Key Lake mill paying off

### Joint Venture Inkai production lower than expected

- annual expected production now ~7.7 M lb. (100% basis)
- previous target of 8.3 M lb. was contingent on sulfuric acid deliveries on a specific schedule; development delays

### Realigned 2024 market and committed purchases outlook with supply plan

- market purchases up 1 M lb., committed purchases down 1 M lb. on uncertain timing for receipt of JVI production
- additional production from McArthur/Key incorporated into supply plan

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During the third quarter, we have to account for the production from Key McArthur, partially offset by the increased uncertainty on the quantity and timing for our full share of production from JV Inkai. We put our supply levers to work, realigning our expected market and long-term committed purchases for the year.

We decreased our committed purchases from 9 million to 8 million pounds and shifted our market purchases from up to 2 million pounds to now be up to 3 million pounds for 2024. Although we have either taken delivery of or have commitments for the majority of our expected 2024 market purchases, we may look for additional opportunities to add to our inventory position.

In the fuel services segment, production was also strong. In fact, it was 60% higher than our third quarter last year. This was largely thanks to the commissioning of a new closed-loop water system at Port Hope. This additional process infrastructure not only provides positive benefits from a water usage and sustainability perspective, but it allowed us to eliminate the annual summer maintenance outage for the first time, partially offsetting the impact of the temporary operational issues that affected production in the first half of 2024.



# Westinghouse Acquisition

Strategic rationale

**Brookfield**  
Renewable



## Platform for Strategic Growth

### *Strategic Partnership: 49% Cameco 51% Brookfield*

- Creates a platform for strategic growth across the nuclear fuel value chain at time where growth is on the horizon for nuclear energy
- Reinforces Cameco's position to contribute to the clean energy transition



## Reliable and Secure Fuel Supplies

### *Complements Cameco's Participation in the Nuclear Fuel Value Chain*

- Complements Cameco's reliable and secure tier-one uranium assets and fuel services with Westinghouse's global nuclear fuel and plant services platform for light water reactors



## Accretive on Key Metrics

### *Expected to be Accretive to Cameco*

- Westinghouse's strong, long-term customer relationships and reliable revenue streams are expected to generate stable cash flow
- Westinghouse expected to self-fund its approved annual business plans and make distributions to partners



## Participation Across Nuclear Fuel Cycle

### *Expected to enhance Cameco's ability to compete*

- Enhances ability to satisfy existing and new customer needs
- Investing in nuclear assets like Cameco's: strategic, proven, licensed and permitted, and in geopolitically attractive jurisdictions



## Enhanced Financial Strength

### *Provides Platform for Further Growth*

- Expands exposure to areas of the fuel cycle that have historically performed well during varying macroeconomic environments
- Cameco expected to maintain financial strength and flexibility to execute on our strategy

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As expected, and as I highlighted, the performance of our Westinghouse investment this year continues to be impacted by purchase price accounting, which is, of course, not unique to this transaction, but something that is normal course in the case of any acquisition.

It's important to look through these impacts as our outlook for Westinghouse's performance this year and over the next five years is positive and unchanged.

In fact, when we look at the underlying long-term trends for the industry, we continue to see more opportunities for Westinghouse emerging than we had valued at the time of acquisition, making it a very timely transaction that has fit perfectly into our long-term strategy.



## 2024 Outlook

Slight improvements, fundamentally unchanged



	CONSOLIDATED	URANIUM	FUEL SERVICES	WESTINGHOUSE
<b>Production</b> (owned and operated properties)	-	up to 23.1 M lb.	13.5 - 14.5 M kgU	-
<b>Market purchases</b>	-	up to 3 M lb.	-	-
<b>Committed purchases</b> (including Inkai)	-	8 M lb.	-	-
<b>Sales/delivery volume</b>	-	32 - 34 M lb.	12 - 13 M kgU	-
<b>Revenue</b>	\$ 3,010 - 3,160 M	\$ 2,550 - 2,680 M	\$ 440 - 470 M	-
<b>Average realized price</b>	-	\$ 77.80/lb.	-	-
<b>Average unit cost of sales</b> (incl. D&A)	-	\$ 57.00 - 60.00/lb.	\$ 25.50 - 26.50/kgU	-
<b>Direct administration costs</b>	\$ 190 - 200 M	-	-	-
<b>Exploration costs</b>	-	\$ 20 M	-	-
<b>Research and development</b>	\$ 37 M	-	-	-
<b>Capital expenditures</b>	\$ 215 - 250 M	-	-	-
<b>Adjusted EBITDA</b> (non-IFRS)	-	-	-	\$ 460 - 530 M

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Stepping over to the financial aspect of our strategy, we continue to be in great shape. As always, normal quarterly variability in customer deliveries impacted our results. In addition, earnings from our equity-accounted investees impacted our adjusted net earnings this quarter.

As I noted earlier, our overall financial results continue to be influenced by the required Westinghouse purchase accounting and other non-operational acquisition-related costs. Equity earnings from JV Inkai were also lower because of the continued delay to the transportation of our share of production from the Inkai mine. We do not take ownership of our share of Inkai's production until it arrives at our Blind River refinery and therefore JV Inkai cannot record revenue on those pounds.

Ours is a complex long-term industry that does not lend itself well to quarterly estimates. That's why we provide an annual outlook, which following the third quarter remains largely unchanged for both Cameco and for Westinghouse, with the exception of the realignment of our supply sources and the impact of a stronger U.S. dollar on average realized price, revenue, and Adjusted EBITDA from Westinghouse compared to the original assumption used.

## Financial Strength

Risk managed financial discipline



**Liquidity\*** **\$197** Million  
Cash  
**\$1** Billion  
Undrawn credit facility

**Total debt\***  
**~\$1.3** Billion

**Credit ratings**  
S&P: BBB-  
DBRS: BBB

\* As at September 30, 2024

### Maintaining a strong balance sheet

- With improving prices, transition to tier-one costs, and increasing production, expecting strong cash flow generation in 2024
- Navigate by investment grade rating
- Take advantage of value-adding opportunities as they arise

### 2024 Capital allocation priorities

- Execute production plan and return to tier-one cost structure
- Working on Cigar Lake extension, evaluating McArthur/Key expansion
- Refinanced \$500 million debentures due in June, repaid \$400 million (US) year-to-date on \$600 million (US) floating-rate term loan
- Plan to file a new base shelf prospectus to replace the one that expired in October 2024
- Payment of an annual dividend of \$0.16/share, in line with our capital allocation priorities

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During the quarter, we continue to focus on debt management. We made an additional repayment of US\$100 million on the floating rate term loan we used to finance the Westinghouse acquisition, bringing the year-to-date reductions to \$400 million. In the days ahead, we'll continue to prioritize repayment of the remaining \$200 million outstanding.

We've remained diligent in managing liquidity and the capital resources and tools required to deliver on our strategy, maintaining a strong balance sheet guided by our investment-grade rating. Provide flexibility and maintain good financial hygiene, we plan to file a new base shelf prospectus to replace the one that expired in October.



Before we wrap up, I want to highlight a few changes to our executive team. At the beginning of October, David Doerksen was appointed Senior Vice-President and Chief Marketing Officer. David's been with Cameco since 1998, most recently as Vice-President Marketing. He's also held roles in tax and treasury, corporate strategy, and corporate development.

Lisa Aitken has taken over David's previous role as Vice-President, Marketing. I have no doubt that the deep uranium market experience that both David and Lisa bring to their new roles will serve Cameco well as we position the Company to leverage opportunities through these very exciting times for the nuclear industry.

With that, I thank you for your interest today, and I'll stop there, and we'd be delighted to take your questions.

**Operator:**

Thank you. We will now begin the question-and-answer session.



In the interest of time, we ask you to limit your questions to one with one supplemental. If you have additional questions, you are welcome to rejoin the question queue.

To join the queue, you may press star then one on your telephone keypad. You'll hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, press star then two.

Webcast participants are welcome to submit questions through the box at the bottom of the webcast frame. The Cameco Investor Relations team will follow up with you by email after the call. Once again, anyone on the conference call who wishes to ask a question may press star then one at this time.

Our first question is from Ralph Profiti with Eight Capital. Please go ahead.

**Ralph Profiti:**

Thanks, Operator, and good morning. Thanks for taking my questions.

Tim, with respect to the long-term contracting that you mentioned in your prepared remarks, just wondering if some of the buying behavior is shifting? Specifically with respect to the prioritization of downstream procurement, things like SWU conversion enrichment, and buyers are now starting to thinking about moving upstream as that part of the market gets fulfilled in terms of crowding out some of that Russian material. Just wondering if this contracting is sort of a signal that that could be happening.

**Tim Gitzel:**

Yes, Ralph, I will answer yes to that. We're two-and-a-half years now into this Russian invasion into Ukraine, and as Grant, I think, has pointed out many, many times, once that happened, obviously, that caused a bit of a crisis in the whole market. But the utilities have often started at the far end in the enrichment space and worked their way backwards. I don't think they're finished in enrichment yet. You can see the prices are holding pretty firm in enrichment conversion, are





hitting new highs, and we're waiting for it to come down the pipeline really into the uranium space because we're going to have a problem there going forward as well. I think your observation is absolutely right, Ralph.

**Ralph Profiti:**

Okay. Great. I want to ask a question on your comments about Westinghouse and your long-term EBITDA growth rate, 6% to 10%. That's a few quarters old, and certainly market dynamics have shifted. Just wondering when you'll be in a position to address that growth rate and how you're thinking about the range of that growth, given some of the market dynamics are certainly moving forward for us.

**Tim Gitzel:**

Yes, Ralph, we're holding to that 6% to 10%. But Grant, I'm going to ask you to—Grant's on the Board for Cameco of Westinghouse, and they're working with them right now on present and future outlooks. Grant, why don't you take a shot?

**Grant Isaac:**

Yes, happy to do that. Hi, Ralph. A couple of key points on Westinghouse. Obviously, we've maintained the guidance for this year from an Adjusted EBITDA basis, as you saw on our outlook table. As you mentioned, we have a 6% to 10% growth rate over the next five years for Westinghouse. I think your comment, or your question, is a good one. There have been a lot of tailwinds to the nuclear industry, and you've seen a lot of news flow around Westinghouse's extraordinarily good position with respect to those tailwinds.

What we would just say is we think that remains a very conservative outlook. We tend to wait until some of the bigger projects, for example, the newbuild of AP1000, hit the final investment decision in order to adjust that upward growth on newbuilds. Lots of excitement, a lot of prospect for newbuilds. For those who haven't seen the DOE's latest liftoff report and how prominently the AP1000 features in that, I would encourage everybody to have a look at that. But right now, that is really just a conservative view. We take the announcements that have been made for newbuilds, for example, and all we're factoring in is the growth that's coming from the front-end engineering and design work. None of these projects, whether it's Poland, Bulgaria, or Ukraine,



for example, have hit a final investment decision. When that occurs, yes, there will be an upward adjustment to that number. It's conservative, it's consistent with the timeframes that it takes. But let's be very clear, Westinghouse is incredibly well-positioned given all of the tailwinds in the nuclear space.

**Ralph Proffitt:**

Yes. Great. Thanks for those important answers.

**Tim Gitzel:**

Thanks for your questions, Ralph.

**Operator:**

The next question is from Adam Wijaya with Goldman Sachs. Please go ahead.

**Adam Wijaya:**

Good morning, Tim, Grant, and team. Thank you for taking my questions. I wanted to just first start on Inkai. Given some of the uncertainty surrounding that deposit, at least in the near and medium term, how are you thinking about the tier-two asset base that's currently on care and maintenance? Then a follow-up to that is how should we be thinking about any potential inorganic growth opportunities, specifically on the mining side?

**Tim Gitzel:**

Thanks, Adam, for the question. You mentioned Inkai. We're working our way through Inkai. You saw in our reporting that there's some asset issues. There's asset issues in the country, but ours was a bit of a timing on asset issues. I think we got the allocation we need for the year, we just didn't get it quite at the right time, so we're having to adjust our production numbers there a bit. But we remain committed to the JV Inkai project and the future of that.

Tier-two, you hear us talk about our tier-ones. We've got firepower with our tier-one assets, and especially the McArthur River/Key Lake project, which we continue to evaluate how we can de-risk and de-bottleneck that project to, at some point, increase production from 1 million pounds. We're at now, moving closer to our license capacity of 25.



Honestly, that's the best project on the planet at the moment, so we'll focus on that. We'll focus on our tier-ones, and then when the market calls for us to move to tier-two, we've been keeping them on care and maintenance now, for the last number of years. We'll pull those out. Those aren't greenfield, those are brownfield. Way shorter to restart than anything greenfield, and so we've got those in our pocket as well.

Then we've got a few projects that we haven't even started yet. We have our own greenfields that are well-situated, close to existing facilities, in friendly jurisdictions, with competent teams, with great relations with our neighbours, Indigenous and otherwise. We would go to those first.

We've got our own package of projects ready to go, whether it's increasing our tier-ones, bringing on our tier-twos, or looking at greenfields. As Grant just said a minute ago, we are incredibly well-positioned and ready to go when the time calls for it.

**Adam Wijaya:**

Great. That's super helpful. My second question is just on conversion. Clearly remaining the tightest part of the fuel cycle, and understand with the Westinghouse acquisition, the Springfields asset seems really competitively positioned to service that part of the fuel cycle. What are your latest thoughts on a potential restart here, and then what needs to happen realistically from a contracting perspective from the conversion side of the equation to accelerate any announcement here? Thanks.

**Tim Gitzel:**

Yes. We're incredibly excited about that one, too. That wasn't in the first part of the answer with Cameco. Grant, you want to talk about Springfields in the future?

**Grant Isaac:**

Yes, a couple of common themes emerging. The first question that we got this morning was about the pattern of contracting. It's just important for everybody on this call to remember that when utilities really are thinking about securing that fabricated fuel bundle, they start at the reactor, and



they work upstream. As they do that, we've seen pressure on the enrichment space. We've seen a lot of pressure on the conversion space. I would just echo Tim's earlier comment that the world has yet to see that demand fully hit the uranium space, which is, by the way, very good news for uranium.

To your question about conversion, it remains really tight. Conversion does require the last remaining Western conversion facility, Springfields, to come back to the market. That does need to occur. In order to get there, you have to have a very solid plan. Springfields is a multi-purpose facility in the U.K., just an incredibly strategic asset. It can do a lot of things.

Part of the thinking around Springfields is making sure that the appropriate investments are well leveraged. Different lines at Springfields may share common infrastructure. Spending that money wisely is priority number one. You have to have a good solid industrial plan to restart. Then, like everything else in the nuclear fuel cycle, it has to be coordinated with marketing. Conversion is like uranium. You don't build productive capacity and then start knocking on people's doors and trying to chase in your demand because it just doesn't exist.

We need to see a stronger contracting cycle in conversion. Right now, that conversion demand is really chasing production at the three existing Western facilities. It hasn't really started to chase the type of pricing required to restart Springfields, but it's coming. Just like in uranium, we're very strategically patient and we're very disciplined. This asset has to come back and the value opportunity for Westinghouse is very significant. We love our position in the conversion space.

**Tim Gitzel:**

Thanks, Andrew.

**Operator:**

The next question is from Adam Wong with RBC Capital Markets. Please go ahead.

**Tim Gitzel:**

Good morning, Adam.



**Adam Wong:**

Hey, good morning. Hey, good morning. How are you doing, Tim? We've seen a lot of momentum on new nuclear and data centers, but we did see the U.S. government push back on that Amazon and Talon deal. Sounds like maybe more of a speed bump versus changing any major views on using nuclear to power data centers, but I'm just curious your views on that announcement.

Then just broadly, we've heard a lot of remarks from U.S. utilities potentially even considering newbuilds recently and potentially within the next maybe 12 months. Maybe just your thoughts on a newbuild announcement in the U.S. sometime in the future and the AP1000 role within that. Thanks.

**Tim Gitzel:**

Yes, I'm not sure that's a speed bump. I'm not sure it's not a door opening for more new nuclear behind the meter, but Grant, why don't you answer that?

**Grant Isaac:**

Yes, my ability to see the silver lining in every dark cloud is pretty astonishing, Andrew. I looked at the FERC announcement very different. I think maybe the market misinterpreted that. What it said to me was that the hyperscalers and the industrial onshores that are chasing electrons have to co-invest in new capacity rather than show up and start generating a lot of demand into existing grids and increasing the price. They have to co-invest in new capacity.

It actually goes hand in glove with some of the announcements that you've seen. The Constellation Microsoft announcement to bring back Unit 1 at Three Mile Island, new capacity coming to the grid, the hyperscalers co-investing in that new capacity.

All the FERC announcement did is confirm that those with in excess of trillion-dollar enterprise values that need electrons are going to have to invest in those electrons themselves. That's a great news story for newbuild. I don't look at it as a speed bump at all. I look at it as a very clear signal that very large pockets of demand are coming to buy electrons, and they happen to want the quality of electron that comes out of a nuclear power plant. Carbon-free, 24-hour, fully dispatchable baseload power. I very much view it as good news.





I'm going to go back to something I said earlier. If folks on this call haven't seen the DOE left off report, they need to go and have a look at it and see the role that the AP1000 could possibly play and probably draw the same conclusion we do, which is that existing technology fully operating at the Vogtle plant, Generation 3, reliable technology that doesn't have any technology or fuel risk, is extraordinarily well positioned to meet this demand. This demand that's being told needs to be co-invested. I like this outcome, Andrew.

**Adam Wong:**

That's great. That's really good colour. Thank you. Then maybe just on McArthur/Key Lake, it's producing really well. What's the potential there for that facility to produce above 20 million pounds and maybe you don't even need to spend some extra CapEx to really expand production there?

**Tim Gitzel:**

Yes, Andrew, you're exactly on track. That's what we're evaluating right now. We're continuing to look at, and I was up there earlier this week with our Board, how we can de-risk, de-bottleneck the existing facilities to get to 25 million pounds. I give our team's credit. In those tough times we were in when we had to take the units down at both McArthur River and Key Lake. We didn't sit on our hands. We actually stepped up and put some thought and some money and some robotics and automation and capital into those assets to really get them ready, because we knew they were coming back. Those are the best assets on the planet. They're not going to sit idle forever.

The work we did during that period, now we're seeing it bear fruit. You see we bumped up production a bit this year. We're going to see how far we can push that without putting a big chunk of new capital into that. Like I say, those are elite assets in the nuclear space, I can tell you. The elite assets in the nuclear space. We have the elite team running them. We'll see what we can do with those assets going forward. But we're going to try and push them as hard as we can without having to put a lot of capital in. Grant?

**Grant Isaac:**

Andrew, I'm just going to jump in on the end of it, though, and just remind folks that whenever Cameco talks about increasing production, it does not mean production that's coming to the



broader market. It doesn't mean that Cameco is oversupplying. We increase production after we've secured the demand. That production that could possibly come out of MacArthur Key has a home in a long-term contract portfolio. I don't want to see anybody taking away from those comments that, oh, Cameco is being irresponsible with production decisions. That never happens.

**Adam Wong:**

Great. Thank you very much.

**Tim Gitzel:**

Thanks, Andrew.

**Operator:**

The next question is from Alexander Pearce with BMO Capital Markets. Please go ahead.

**Alexander Pearce:**

Good morning, all. I have a follow-up on one of the earlier questions on Inkai. First off, can you confirm that you think some of the issues at the asset so far this year are transitory? Are you seeing an improvement already? Are you over the hump as it were? Then you've got a fairly complex ownership agreement at that asset. I was just wondering if you can help us with how we should think about your share of production going forward from the asset now. Is there any opportunity to catch up on some of the share that you've—of the volumes that you've lost so far this year?

**Tim Gitzel:**

I think yes and yes. Yes, we're getting over some of the issues. Obviously, acid continues to be an issue, sulfuric acid, in Kazakhstan. We don't take Russian acid. That's one of the issues with our joint venture that maybe limits it a bit. We have made a commitment to not to deal with the Russians. That had a bit of an effect on our asset supply. As I say, we've got enough now, but the timing wasn't particularly right for our production this year, so we had to reduce it by a little bit.

Complex ownership agreement, yes, we've been there for 25 years. We've got a bunch of complex ownership agreements with them. We'll sort it out. We're in discussions with them now. Our team



is talking about what the production allocation is for this year and going forward, and we should be able to recoup there. But don't forget it's 10%, I think, of our production. It's important to us. We're happy to be there. We're happy to be partners with Kazatomprom, but in the bigger ticket chemical Westinghouse, it's a smaller portion of our business.

**Alexander Pearce:**

Great. Thank you.

**Tim Gitzel:**

Thank you, Alex.

**Operator:**

The next question is from Lawson Winder with Bank of America Securities. Please go ahead.

**Lawson Winder:**

Good morning. Thank you, Operator. Hello, Tim and Grant. Nice to hear from you. Thank you for the update as always. Just wanted to get your thoughts on views on uranium pricing, and in particular, just referring to the late summer uranium price survey from UxC. As it often does, it indicated a pretty significant disconnect in pricing in terms of where utilities think pricing will go and where suppliers think pricing will go, both in the year-end and longer-term. It seems that the utilities, in fact, believe in that lower pricing, just given the lower contracting volumes this year, they've been softer than in the past several years. It does seem that the utilities are, in fact, waiting out for lower pricing beyond potentially just attempting to aid in their own negotiations.

Are utilities making a mistake that might cost them more in the future? Then do you think there's a logical explanation for why they might be seeing a different supply-demand situation or at least perceiving it differently? Then historically, what has typically led to the breaking of these types of stalemates?

**Tim Gitzel:**

I'll just get our marketing guru, Grant, to answer that. Grant?



**Grant Isaac:**

Yes. A lot of questions there jammed into your one question, Lawson. Let me just make a couple of observations. First of all, with all due respect to our friends at UxC, I deeply discount that survey because, no surprise, that survey says those who buy uranium want lower prices and those who sell it want higher prices. I don't think empirically that is useful in any way, shape, or form or should really inform anybody's opinion.

What we should always do is look at the fundamentals in this market. The fundamentals in this market are very clear and they're very positive. The long-term price is up again, \$81.50 now in U.S. dollar terms, and we're not even remotely close to replacement rate contracting. This is a market that has never seen these kinds of uranium prices with so little demand in the market. That's a pretty positive signal.

The structural gap between uranium supply and uranium demand does not require a Russian ban. On a global basis, there is not enough primary supply capacity and secondary supply availability to meet the demand as it's growing in a very certain and predictable way. That is ultimately what's going to drive prices. When you see a structural gap, that's a one-way trade. We need higher prices to incent the kind of investment to generate the primary production that's going to fill that gap. That's very clear. That's unavoidable.

How do we get there? We get there through term demand. When we think about that term demand, it's always important to remember that utilities decide when they're bringing their term demand to the market. That term demand is actually set by a number of things. There are some utilities that are contracting. Let's not forget this. Let's not traffic in the assumption that there's no term demand happening. At the end of the third quarter, there was just over 50 million pounds contracted. But within three weeks, another 40 million pounds of uranium was reported as contracted. We've been saying there's a lot of off-market activity going on. In three weeks, we added another 40 million pounds of long-term contracting in the industry. There's a lot of off-market activity going on.



There are utilities who know they need future supply and they're working accordingly. But there are some uncertainties that are holding that up. A big uncertainty there is not whether the Russian ban is going to stay or not. That's a legislative ban. It would require legislative action to overturn.

The question is, how easy will waivers be between now and 2028? That's driving some uncertainty in the market or let's call it some pause from some of the fuel buyers. But when you step back and look at the overall dynamics and you see that market-related contracts are being priced at \$70, low \$70 escalated floors, \$130 escalated ceilings. If you pick the midpoint between those floors and ceilings, that's three-digit uranium. That's \$100 uranium.

Market-related contracts are signaling that utilities understand the uranium price is going up from the long-term price of \$81.50 because structurally it has to in order to get the supply there. That survey that you referenced at the beginning doesn't capture any of these facts. The facts are pretty clear, and the facts are optimistic—sorry, the facts are very positive, and Cameco is incredibly well-positioned for these facts.

**Lawson Winder:**

Okay. Thank you very much. Just as a follow-up, cost is often cited as a supporter to pricing and pricing is quite a bit above the cost curve. But what we've been seeing with some of the other miners that are producing other commodities is that cost inflation has become a theme again after disappearing for no less than just a couple of quarters. What are you guys seeing in terms of cost inflation? We obviously know that Inkai has experienced significant cost inflation as a new royalty. But just in Canada, are you seeing any cost inflation that would lead you to believe that the curve is moving up? Or are you seeing it in any other countries that would lead you to believe that cost curve is moving higher?

**Grant Isaac:**

Yes, certainly, the cost curve has been moving higher right across the resource space. There's no doubt about that. Cameco has not been immune to that, whether it's purchasing reagents and energy on North American markets. We've seen some cost increases on the labour side, for example, in our market.





But I want to go back to something that Tim highlighted, which is the amped up, the automation and digitization project we did at McArthur Key, perfectly timed to bend the cost curve ahead of this inflation. Those investments are paying off. They're paying off in lower costs relative to where those assets were running in 2017 before we shut them down. Lower costs relative to where inflation would have otherwise taken them. Then, of course, additional production on the same asset base. This is a really strong story about we bent the cost curve and actually got more production out of assets at a time when supply chains had become difficult.

The other factor that's influencing the global cost curve loss is that in a bifurcated market, we simply need more Western sources of uranium conversion and enrichment. Western sources have historically been more expensive than non-Western sources, primarily because non-Western sources, often from state-owned enterprises that don't have a commercial objective, never really adhere to any production economics in their pricing. You bifurcate the market, you have Western demand chasing smaller Western supply, you need production economic pricing. That's why there's been upward pressure on enrichment, massive upward pressure on conversion. As I said earlier that demand has not yet hit uranium in a full way, but it's coming.

**Lawson Winder:**

Okay. Thank you very much.

**Tim Gitzel:**

Thanks, Lawson, for your questions.

**Operator:**

The next question is from Craig Hutchison with TD Cowen. Please go ahead.

**Craig Hutchison:**

Good morning. Thanks for taking my question. Q4 is setting up to be quite a strong quarter at Westinghouse, based on your updated guides this morning. Can you just provide some context on the seasonality and why Q4 is going to be so strong? Is that a seasonality factor and something we should expect in future years going forward? Thanks.



**Tim Gitzel:**

Craig, thanks for the question. I'm going to ask Heidi Shockey to answer that one. Heidi?

**Heidi Shockey:**

Yes. Hi there, Craig. It is true there is some seasonality with Westinghouse. Throughout the year, we've said that the second half of the year is going to be stronger than the first half. First of all, because through the acquisition, we had to mark a lot of our assets and inventories at fair value. We did sell that inventory in the first half. That's unique to this year and won't carry on. But there is seasonality to their business. They have two outage seasons, typically, one in the spring and one in the fall. The one in the fall starts end of August and goes until November. It is primarily in fourth quarter. We see a lot of more work and higher margin work in that period.

**Craig Hutchison:**

Okay. Great. Just one follow-up question for me. Just on the sales forecast, again, it seems like Q4 is going to be quite strong. Just can you talk to some of the factors that have pushed sales into the last quarter of the year? Thanks.

**Grant Isaac:**

Yes, Craig. Great question. Along with Westinghouse having a strong fourth quarter, Cameco, as you'll recall from our disclosure in Q4 when we put out our outlook, we were indicating stronger sales volumes in the second half of the year. If you look at deliveries year-to-date versus our outlook table, which hasn't changed, somewhere between 11 million pounds and 13 million pounds of uranium remains to be sold in Q4. These are committed sales that we have to deliver into. You got to go back to 2018 or 2019 to see kind of back-end deliveries loaded that way. Just it's a function of when utilities call for deliveries. It just happened to be a strong Q4 for us in the uranium segment to go along with a strong Q4 in Westinghouse, which is why it's so important to always remind people whenever you're looking at our quarterly results, you should also simultaneously look at our outlook table and our guidance and ask yourself, has anything changed materially there? If it hasn't, that should help you put the quarter in proper context. Strong uranium segment in Q4, strong Westinghouse in Q4.



**Craig Hutchison:**

Thanks, Grant.

**Tim Gitzel:**

Thanks, Craig.

**Operator:**

The next question is from Mohamed Sidibe with National Bank Financial. Please go ahead.

**Mohamed Sidibe:**

Hi, Tim and Grant. Thanks for taking my question. I just have a question on the delayed shipment to be received from Inkai and how we should think about that in relationship with maybe your inventory balance and the implied for the River.

**Grant Isaac:**

Yes. The delays in shipping from Inkai, I'll just go back and remind everybody, we made a decision when the Russians invaded Ukraine that we would not utilize the normal transportation channels to get material out of Central Asia. Normal transportation channels involved using Russian rails and Russian ports. What we wanted to do was take advantage of the so-called Trans-Caspian Corridor Route, which Kazatomprom had used before and had said was very reliable and very predictable. I know all we've discovered in the last couple of years is it's neither reliable nor predictable. It just, it takes time to get material assembled in Kazakhstan, across the Caspian, the relevant permits through Azerbaijan and Georgia, into the Black Sea and out the Bosphorus to make its way to our Blind River refinery.

The good news is that corridor works, but it doesn't work in the predictable way the old Russian route worked, and that just leads to some timing issues with respect to deliveries. But make no mistake, those deliveries eventually show up and the economic benefit of those deliveries hits our results. It just didn't hit in Q3, as Heidi referred to earlier.

We're just continuing to work that route. We're committed to that route because we are not going to use the Russian route. That's how you need to think about those delays. We eventually get the



material. In the meantime, we use multiple sources, inventory, long-term purchases, perhaps some market purchases to always meet our sales commitments.

**Mohamed Sidibe:**

Thanks a lot, Grant, for that. Then just another question for me on the fuel services segment. Great quarter in terms of sales and improvement quarter-over-quarter there. But on the cost front, costs are largely flat. Could you maybe give us some more colour on what drive costs maybe lower towards your guided costs for 2024 into Q4?

**Heidi Shockey:**

Yes. Costs in the fuel services segment can vary quite a bit. We have a number of different products in that segment and they're quite different in terms of cost structure. From quarter to quarter, it will vary based on the volume of sales and of the various products. This year, we're seeing a little bit higher costs than in the UF6 segment because of the lower production than we forecast and of course, some inflationary pressures. But it's likely just in the quarter, a difference between the mix of the products that we sold.

**Mohamed Sidibe:**

Thank you.

**Tim Gitzel:**

Thank you, Mohamed.

**Operator:**

The next question is from Bryce Adams with CIBC. Please go ahead.

**Bryce Adams:**

Thank you. Good morning, all. Building on Lawson's question, and Grant, you touched on it for a second, but with regard to long-term contracting, can you provide any colour on where negotiations for floor and ceiling prices are? What levels are those generally? How does that compare to negotiations earlier in the year, say in the summer? Just generally, how are those floors and ceilings evolving? Thank you kindly.



**Grant Isaac:**

Yes, happy to do that, Bryce. I'm actually going to expand a little bit and just talk about the connective tissue that can sometimes happen between the spot market and the term market because it helps explain, I think, in part why there's been a bit of a slowdown in term contracting. If you think about the spot market, it's always important to remember it's small, it's discretionary, it's not fundamental, and its low-quality demand. But it does create a reference point, if you will, for fuel buyers.

When we're negotiating a long-term contract and we want it to be market-related, they almost invariably have a floor and ceiling conversation around them. Floors today at \$70, a little over \$70 escalated. Ceilings at \$130 escalated. When you see the spot market soften like it's done, and who are the culprits there? It's anybody who produces material and doesn't have a home for it. Those are the culprits for why the spot market is softening.

When the spot market softens and comes off like it has, \$10, utilities are inclined to believe that that should mean a one-for-one reduction in floors and ceilings. If the spot market has come off \$10, then shouldn't floors fall by \$10? Shouldn't ceilings fall by \$10? Because we're strategic and because we're patient, for us, it's always about pricing appropriately for the future. Our message is, the spot market coming off because somebody has sold 50,000 pounds of material in a clumsy way into a thinly traded market has nothing to do with the appropriate price of uranium two years from now and out and beyond. It's got nothing to do with where floors and ceilings should be.

When we see that kind of narrative come through the market, we at Cameco will step back and say, "Okay. Well, we'll just—we'll wait until a better sense returns to the market." Right now, it's not that the term demand is strictly in the hands of the utilities. There's a counterparty and that counterparty is a producer who might not be satisfied with a conversation that floors should fall, and ceilings should fall, and we would be one of those producers. We're being very disciplined, very patient in our contracting. That's the connected tissue between long-term market and the





spot market. We're just trying to break that connection in our contracting. What somebody is doing in a clumsy way in the spot market today with a small amount of pounds has nothing to do with the appropriate future price of uranium. We're just in a position where we can hold out to send that signal accordingly.

**Bryce Adams:**

Okay. Sticking with the 70-130 escalator ranges, that seems to be the default at the minute, but stay tuned, that could scale up in the next six months, you think?

**Grant Isaac:**

Yes. If you look at the fundamentals and you look at that long-term price that continues to rise on really small volumes, and then you look at the global cost curve and where it needs to be to make sure that the supply is there to meet the demand, it is suggestive that higher prices are required. Higher prices are required to incent the primary supply that's needed not just to replace primary mine depletion, but to replace secondary supply, which has dwindled dramatically, and then to grow with the market. That is all very suggestive that this uranium price has yet to see the kind of move that enrichment and conversion has made simply because the enrichment and conversion demand hasn't fully made its way into uranium yet.

**Bryce Adams:**

Awesome. Thanks, Grant.

**Tim Gitzel:**

Thanks, Bryce.

**Operator:**

The next question is from Brian MacArthur with Raymond James. Please go ahead.

**Brian MacArthur:**

Good morning, and thank you for taking my question. I just want to go back to the 11 million pounds to 13 million pounds in the fourth quarter on the uranium side. Can I assume that when you do that, the assumption is any utilities that had upward flexibility in their volumes in those old



contracts that are coming due at that time, that's all reflected in there, i.e. you couldn't end up with 14 million pounds in the fourth quarter, or is there still flex in the book that you're not assuming that might come through given where long-term prices are?

**Grant Isaac:**

Yes, Brian. It's a great question, getting into a lot of detail. But normally there wouldn't be that upward surprise, if you will, simply because recall that the typical delivery commitment requires a non-binding notice of delivery, say, 12 months out from when the utility wants it. It may be converted to a binding notice of delivery six months out, so everything's pretty much baked in the cake now. If they wanted to flex up, they've already sent us that binding notice. There really aren't those kind of surprise opportunities left.

**Brian MacArthur:**

Just as you write new contracts, is that the same way they're still set up? You have a six-month notice in a year, or is that term changing as part of the negotiation strategy as we write new contracts, as well as price and all these fours and things we talked about? Are volume options changing in the market?

**Grant Isaac:**

Many factors are changing. As the market tightens, as you look out into the future in which utilities are looking for material and there's only a couple of producers that are going to have projects and production out into that window, leverage is shifting over to the seller. As the leverage shifts over to the seller, it's reflected in appropriate pricing mechanisms, higher floors, higher ceilings, better escalators on the floors and ceilings. It translates into lower flex in a contract.

We don't have to be offering as much flex as the market tightens. It translates into different requirements for notice periods, so that we have more time to plan the production. We save our contracting for when we're in an upcycle precisely for these reasons, because it brings more leverage to us, more certainty and predictability to our account. That's why we position when we do. When the market isn't offering that kind of demand, we leave our production in the ground.



**Brian MacArthur:**

Great. Thanks very much for the details.

**Tim Gitzel:**

Thank you, Brian.

**Operator:**

Our final question is from Gordon Johnson with GLJ Research. Please go ahead.

**Gordon Johnson:**

Hey, guys. Thanks for taking the question. Just a quick one. Typically, there's some seasonality with uranium prices. Typically, from what we've seen, prices have been weak in July, August, September. Then in October, November, December, they get stronger. I wanted to see if you guys are seeing some of that seasonality now. Clearly, prices have been weak recently. Also, can you juxtapose that against the strength we've seen in enrichment prices and why that may be foretelling or not foretelling with respect to what to expect the uranium prices moving forward? Thanks.

**Grant Isaac:**

Yes, a couple of good questions there. If you think about seasonality, there's a few factors going on there. You've heard us say before that actually the uranium calendar or the nuclear fuel cycle calendar starts in September and actually ends the following spring. It's not based upon a January to December calendar. Typically, the World Nuclear Association conference every September is the kickoff to a contracting year. Then that leads to having all the customers and all the suppliers in the same place at the same time, starts to kick off a lot of contracting. That contracting carries on through the remainder of the year.

That is what typically makes the year end a little stronger for pricing. It continues into the spring. Then in the past, the fuel buyers have gone away for a little bit of a break. We usually saw some softness from a demand point of view in the summer. The seasonality is just reflected by the fact that the nuclear calendar is really September to the end of August as opposed to January to December.



But don't forget the effect of month-end gains that happens on the uranium price. It comes as a surprise—sorry, we sometimes—it's a head-scratcher for us for as long as we've been in our business. That whether it's the price reporters or the equity markets looking at uranium, they're surprised that some people show up with very small volumes and dump them into the market right at the end of every month. Yet we don't understand why they're surprised. We know exactly what's going on there. Folks are positioning ahead of an off-take or they're a trader that's moving material that they can't carry over a reporting period. Month-ends tend to be soft. Last month-end was soft. The month-end before that was soft for precisely this reason. You have the normal seasonality overlaid by a spot market that has a lot of short-termism in it. But we can always look through that. Fundamentally, this market needs more supply. That supply needs to be incented. Higher prices are the only thing that's going to cure that structural gap.

**Gordon Johnson:**

Thanks for that. You kind of answered my next question, which was coming out of the World Nuclear Symposium in London, September 4 through 6, have you seen stronger contracts, etc.? But can you address that? Are you seeing stronger prices in the contracts? Maybe you already answered that, but if you could address that. Then another question, maybe a weak one, but I'd like to hear from you guys, what do you see as the biggest near-term headwinds and tailwinds? Thanks for the questions.

**Grant Isaac:**

Yes, I'll just finish on the contracts. Certainly, coming out of the WNA, and we had said this, we were on a podcast, and we said there's a lot of off-market activity going on. No surprise, in the last three weeks, the trade press has posted another 40 million pounds of long-term contracts, reflecting the quality and depth of those off-market conversations. The upward trend in pricing stalled a little bit with floors and ceilings around market-related contracts, stalled a little bit for the reasons I talked about earlier, which is, as the spot price softens, because somebody out there is dumping material into a thinly-traded market, it tends to create a situation where fuel buyers expect the floor and ceiling prices for future deliveries to fall accordingly, and we just don't play that game. We'll step back from the market and be patient and be disciplined, because a spot



market that's softening a little bit today has nothing to do with appropriate prices out into the future. Symposium was strong, a lot of off-market activity, that proof has now worked its way through the market.

**Gordon Johnson:**

Thanks for the questions, guys.

**Tim Gitzel:**

Thanks, Gordon.

**Operator:**

That's all the time we have for the question-and-answer session today. I'd like to turn the conference back over to Tim Gitzel for closing remarks.

**Tim Gitzel:**

Thank you very much, Operator, and thanks to everyone who joined today. As Cory noted, at the start of the intro, if you have any detailed follow-up questions related to the third quarter results or any questions that we didn't get a chance to answer on today's call, please send those in or call us, and we're happy to address those directly.

At Cameco, we are a responsible commercial supplier with a strong balance sheet, long-lived tier-one assets, and a proven operating track record. We're invested across the nuclear fuel and reactor life cycles and believe we have the right strategy to achieve our vision of energizing a clean air world, and we will do so in a manner that reflects our values. We're committed to addressing the risks and advancing the opportunities that we believe will make our business sustainable over the long-term. With that, thanks again for joining us today. Stay safe and healthy and have a great day.

**Operator:**

This brings to a close today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.