Cameco Corporation

First Quarter 2026 Conference Call

Transcript

Date:	**May 5, 2026**
Time:	**8:00 AM ET**
Presenter:	**Cory Kos** Vice-President, Investor Relations
	Tim Gitzel Chief Executive Officer
	Grant Isaac President and Chief Operating Officer
	Heidi Shockey Senior Vice-President and Chief Financial Officer
	Rachelle Girard Senior Vice-President and Chief Corporate Officer

Operator:

Welcome to the Cameco Corporation First Quarter 2026 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 reach 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 A.M. 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 first quarter 2026 conference call.

I would like to acknowledge that we are speaking from our corporate office in Saskatoon, Saskatchewan, Canada, which is on Treaty 6 territory, the traditional territory of the Cree people and the homeland of the Métis. I would also like to note that today is May 5, which is Red Dress Day here in Canada, honouring the lives of missing and murdered Indigenous women, girls and two-spirit people. It is a day to raise awareness, strengthen understanding and commit to continued action grounded in respect and responsibility.

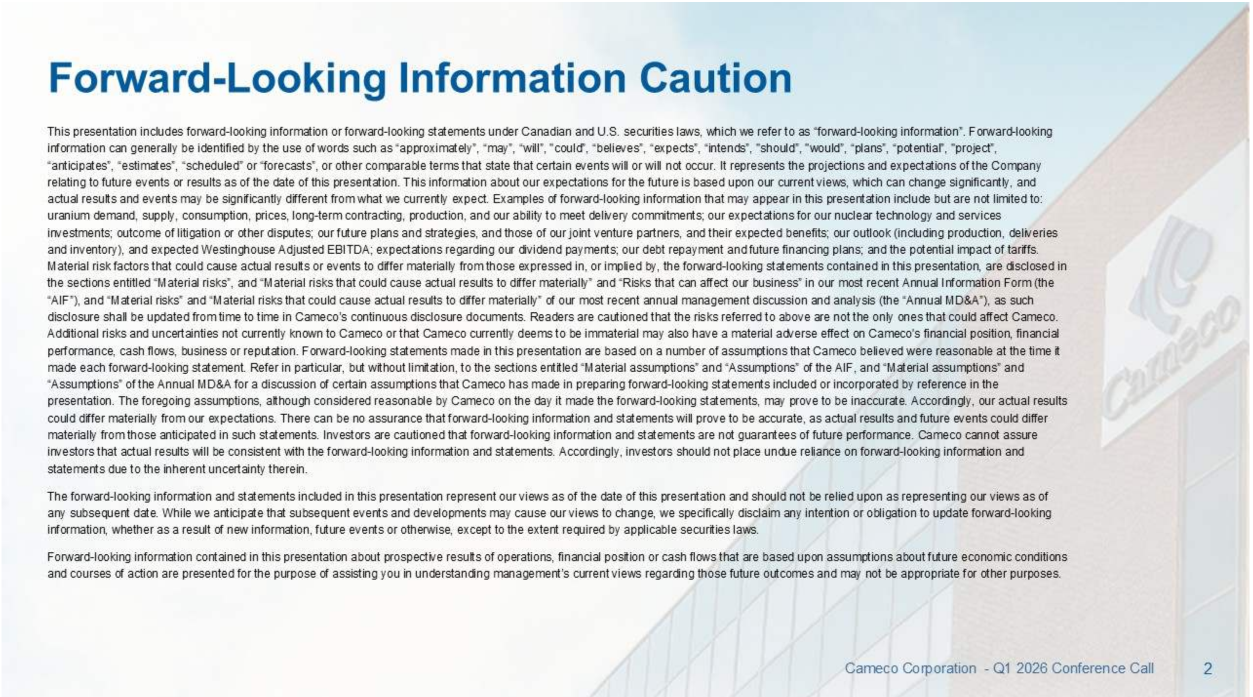
With us on today's call are Tim Gitzel, Chief Executive Officer; Grant Isaac, President and Chief Operating Officer; Heidi Shockey, Senior Vice President and Chief Financial Officer; and Rachelle Girard, Senior Vice President and Chief Corporate Officer. Tim will provide some commentary to start the call, and we will open it up for your questions.

Today's call will be approximately one hour concluding at 9 A.M. Eastern Time. Our goal is to be open and transparent with our communications, so if we do not have time to get to your questions during this call or if you would like to get into detailed financial modelling questions about our quarterly results, we would be happy to respond to any follow-up inquiries.

There are a few ways to contact us with additional questions. You can reach out to the contacts provided in our news release, you can submit a question through the send us a message link in the Invest section of our website, or you can use the ask question form at the bottom of the webcast screen and we'll be happy to follow up 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. For your reference, our quarterly Investor handout is also available for download in a pdf file on our website at 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.

Cameco



Please note that this conference call will include forward-looking information which is based on our current assumptions and actual results could turn out differently. You should not rely too heavily on forward-looking statements, and we do not plan to update them after this call except as required by law. For more information on the assumptions we've made, and the risk factors involved, please see our most recent annual information form and MD&A.

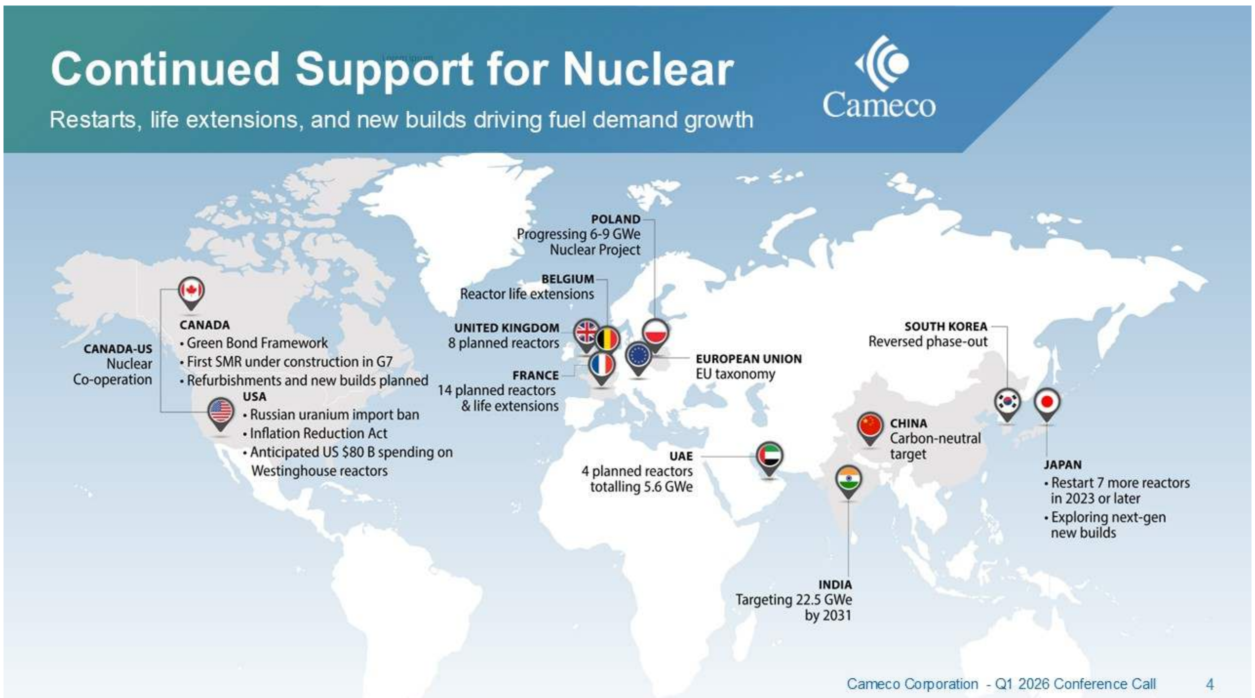
With that, I will turn it over to Tim.

Tim Gitzel:
Thank you Cory and hello everyone. Thank you for joining us today to discuss Cameco's first quarter 2026 results.

Last week a number of us were in Ottawa attending the Canadian Nuclear Association's 2026 conference. The annual gathering brings together a broad cross-section of Canada's nuclear ecosystem from operators, governments and regulators to investors, supply chain and indigenous partners with more and more attendees joining from the global nuclear industry each year. It's a useful barometer for where our industry stands here on home soil and a great place to understand where nuclear policy and investment are heading next.

I can say without a doubt that the tone in Ottawa was well aligned with what we're seeing globally. Constructive, confident and increasingly grounded in execution. Less discussion about aspiration and much more focus on delivery. It's because we're aligned around a common understanding. Energy security, national security, economic competitiveness and emissions reduction are not abstract objectives. Their immediate priorities and reliable baseload power is essential to achieving them.

Against the backdrop of continued geopolitical tension and volatility across the global fossil fuel supply chains, nuclear power generation is increasingly being recognized as critical infrastructure. It was particularly encouraging to see the level of confidence expressed in proven, deployable technologies and established supply chains, including strong support for the AP1000 reactor as the benchmark for modern, large-scale, construction-ready nuclear power. That emphasis on certainty and execution aligns directly with Cameco's strategy and how we create long-term value.



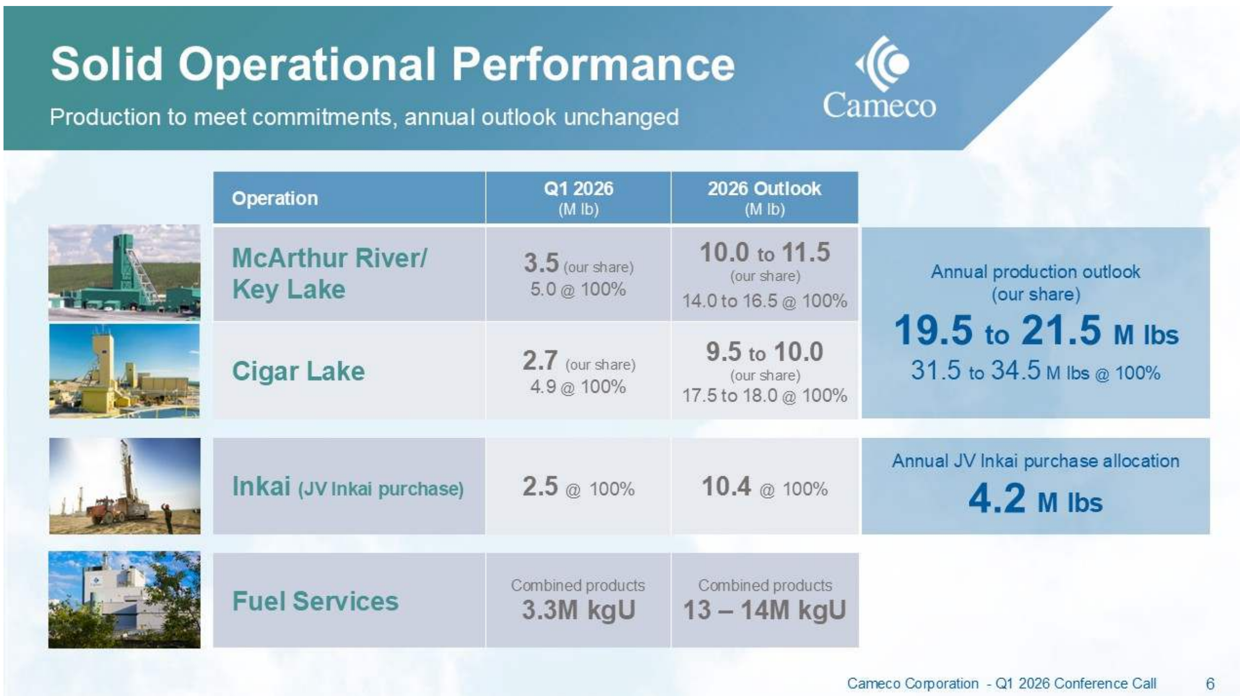
The broader industry backdrop remains as constructive as I have seen it at any point in my over 40-year career. Electricity demand continues to rise while governments are navigating an increasingly complex geopolitical environment, placing a premium on secure, reliable and domestically aligned energy systems. In that context, nuclear energy is uniquely positioned, providing long-term energy security, supporting national security objectives and delivering reliable carbon-free baseload power at scale.

We're seeing that momentum turning into action. Operates are advancing. Life extensions for existing reactors are being approved. New building decisions are approaching final investment decision. Investments are being made in supply chains, and there's a renewed focus on fuel security. These developments are clearly structural, not cyclical.

That said, as we've consistently emphasized, durable demand growth does not automatically result in sustainable supply. Long-term contracting levels remain below replacement rates, and history tells us that meaningful investment in supply only occurs when contracts are in place that support economics through the full market cycle. This reality continues to reinforce the importance of discipline on the supply side, a principle that remains central to our strategy.

Turning to the first quarter, results were consistent with our expectations and with the annual plan we set coming into 2026. Quarterly performance in our sector always reflects the variable timing of customer deliveries and the sales mix, and Q1 2026 was no exception. Year-over-year improvements were driven largely by timing and improved uranium pricing, rather than by any fundamental change that would impact our underlying outlook. It's important to reiterate that we manage this for long-term sustainability, not short-term headlines.

Our full-year guidance for 2026 is unchanged, and performance is expected to rebalance to those expectations over the course of the year. We remain focused on disciplined execution, risk management, and long-term value creation. Our balance sheet continues to be a core strength and an important strategic asset for the Company. Liquidity remains robust, providing us with the flexibility to manage risk, support operations, and respond as markets evolve. That financial discipline allows us to align marketing, operational, and capital allocation decisions with long-term fundamentals, remaining patient through the noise in the short-term market.



Operationally, our assets delivered solid performance in the first quarter. At our Canadian uranium operations, production remained on track, keeping us positioned to meet our full-year guidance. We're preparing for the extended third-quarter shutdown planned at the Key Lake Mill, during which we will tie in new infrastructure designed to enhance future supply flexibility. That work reflects our continued focus on investing prudently in the long-term resilience and reliability of our operations, ensuring they remain well-positioned through future market cycles.

At JV Inkai in Kazakhstan, production progressed in line with the plan. A few of us from Cameco were actually in Kazakhstan last month, celebrating the thirtieth anniversary of the operation, alongside our JV partner Kazatomprom. Inkai remains an important component of our operationally flexible and disciplined approach to supply, where we meet our sales commitments through the strategic management of our inventory, which can include production, purchases, and material borrowed under product loans.

In our fuel services segment, production during the quarter was solid and again aligned with our expectations for the year. While average realized prices declined modestly compared to the first quarter of last year, it reflects normal contract timing dynamics. The conversion market remains tight, supported by demand, and a renewed emphasis on security of supply. As customers prioritize reliability and trusted suppliers, we remain well positioned with the long-standing relationships, integrated capabilities, and disciplined contracting strategies that support the long-term sustainability of the business.

Westinghouse delivered improved underlying performance compared to the first quarter of last year, as reflected in higher Adjusted EBITDA, despite reporting a net loss driven by normal quarterly variability, and the continued amortization of acquisition-related intangible assets. The long-term outlook for our Westinghouse segment remains very strong.

Interest in AP1000 technology continues to build across multiple global jurisdictions, driven by its exceptional proven operating record, standardized design, advanced passive safety features that are table stakes for a modern reactor, and its construction readiness. We're continuing our work with Westinghouse and the U.S. government to advance plans to deploy Westinghouse technology, and we're making meaningful progress in discussions and negotiations to grow the U.S. fleet with AP1000s.

As I mentioned earlier, governments are placing value on certainty. Certainty of schedule, certainty of cost, and certainty of performance, and the AP1000 reactor clearly stands out. As new build activity progresses, we continue to expect some lumpiness in Westinghouse's quarterly and annual results, reflecting the scale and timing of large projects. But that variability is underpinned by the core business of maintaining and fueling more than a third of the world's already operating reactors, and it does not change our confidence in the long-term value of the investment or its role in supporting demand across the nuclear fuel cycle.

Looking ahead, our outlook for 2026 remains unchanged. We continue to expect consolidated uranium production of between 19.5 and 21.5 million pounds, fuel services production of between 13 and 14 million kilograms, and a return to full planned production levels at JV Inkai.

With respect to the ongoing geopolitical conflict in the Middle East that has disrupted key global trade routes, I'd highlight that our operations do not directly rely on materials being sourced from that region. We expect to maintain reliable access to the commodities we require. However, we are experiencing some cost increases. At the moment, we do not anticipate the cost increases will have a material impact on our 2026 financial results, but we will continue to monitor conditions and manage our supply chain to mitigate potential risks.

Across the Company, our focus remains on disciplined execution, preserving flexibility, and aligning our activities with the strengthening industry fundamentals. We remain very positive on the long-term outlook for nuclear energy and for our industry, reinforcing that nuclear energy's role is expanding, commitments are becoming tangible, and execution is increasingly the measure of success. Our Tier One assets and integrated fuel and reactor lifecycle strategy and a strong balance sheet uniquely position Cameco to navigate the evolution of the market while creating long-term value for our Shareholders, customers, partners, and communities.

Speaking of partners and communities, just before we go to questions, I wanted to highlight a recent achievement and a real point of pride here at Cameco. This past month, we surpassed $5 billion in goods and services procured from Indigenous and Northern Saskatchewan contractors since the time we started tracking that spend in 2004. These are great people and great companies based in communities near our Northern Saskatchewan operations, and we remain committed to maintaining these vital, mutually beneficial relationships as Cameco continues to grow.

Thank you to everyone on the call today for your continued interest and support. Operator, we're now ready to take 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 queue. To join the question 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, please 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 Orest Wowkodaw with Scotiabank. Please go ahead.

Orest Wowkodaw:
Hi, good morning. Can you please give us an update on the status of the definitive agreements with the U.S. government with respect to the Westinghouse announcement from last fall? I'm just curious if this is something we could expect in the coming weeks or months, or could this take longer to reach the finish line?

Tim Gitzel:
Good morning, Orest. Nice to talk to you this morning. We continue to work on them. Obviously, our legal teams are working together with Brookfield, Westinghouse, and the U.S. government. They're progressing, I would say. We're not waiting on those to move all the rest of the pieces along. We're working with the U.S. government almost on a daily basis, I would say. I'm looking at Grant because he's on the Board and on the Committee. It's all moving along. We're excited about it. I don't have anything to add to that.

Grant Isaac:
It's important to frame out the U.S. as really being in the midst of an electron supercycle, Orest. It's astonishing the commitment to build new energy infrastructure in the United States. We see it every day with the demand for electricity and as it just continues to grow from the hyperscalers, as well as the onshoring and the remanufacturing and the electrification of things that have never been electrified before.

When Tim says we continue to advance several projects, it really represents the Department of Commerce agreement is one. We announced that last October. Remember, that's a commitment for the U.S. government to finance, permit, license, get to FID on a minimum $80 billion spend on AP1000s. That project continues to move along. The definitive agreements are certainly one of the work tasks that's underway, but it was a binding term sheet. We are fully engaged in advancing that, even though the definitive agreement isn't quite in place yet because of the strength of the binding term sheet.

Under that particular project, there is an effort underway to look at what are the long lead items that are required in order to stand that project up. Is there a way to put in an order for those long lead items to get the supply chain going? Another pillar under that project is what are the models that reactors could be built under, under that DOC contract? Where would they be located? Those models could be a range of things from a federal build, own and operate to a federal build, own, transfer model, all the way to perhaps the financing of an existing nuclear operator who is just looking for financing.

The third pillar under that DOC project is securing the financing. Remember, the original intent was that the financing under that project would come from foreign direct investment pledged into the United States as part of the effort to buy down tariffs by countries like Japan, South Korea, or others. That project continues to go along, but there is a traditional path being pursued in the United States as well. That traditional path led by utilities supported by the Department of Energy under the traditional loan program office now called Energy Dominance Financing Office. That is actually separate from what the DOC is working on.

There are a number of utilities, five or six of them, in very advanced stages pursuing this more traditional model of going to the DOE, looking for loan program office EDF financing. Similar to the DOC project, this one is interested in advancing project delivery by considering things like ordering the long lead items ahead of time. When you step back and look at it, the U.S. isn't just talking about potentially the 10 reactors under the DOC program. They're potentially talking about another 10 under the DOE more traditional approach.

Westinghouse is just centrally involved in both of those. Those just reflect what I said at the outset. The U.S. is in the midst of an electron supercycle. The role that AP1000 can play in that is absolutely central. I would say we've never been more excited by the prospect of new build in the United States.

Tim Gitzel:
The only thing I'd add to that is one of the big pieces that we're working on is standing up the supply chain in the U.S. There was a group of 40 different companies about two weeks ago on the Hill with Westinghouse, just going around talking about the supply chain. That's really progressing well in the United States. We're doing the same in Ontario, standing up the supply chain in Saskatchewan. We had 3,000 people show up at a supply chain conference. We're working on that at the same time, so we're ready to go.

Orest Wowkodaw:
Just as a follow-up, that all sounds very encouraging. Are you suggesting that we could hear announcements of up to 20 U.S. reactors over the next couple of years? Is that realistic here?

Grant Isaac:
As we continue to work through this unique channel of the Department of Commerce, really focused on energy security, as well as the more traditional channel of utility-led through the Department of Energy, through the loan program office, EDF, these are two separate programs. If they merge at some point, we shall see. But at the moment, the denominator of reactors that's being talked about in the U.S. is actually 20. It's not 10. That's a big lift. It's a lot of work.

When folks say, when are announcements coming? You can imagine the amount of effort that has to go into all of the negotiations and all the contracting around that. But I guess the point I want to emphasize is the effort by multiple parties, by us as a reactor vendor, by us as a fuel supplier, by the utilities looking for the electrons, the hyperscalers and the industrial users, the constructors, as well as federal and state governments. This is perhaps an unprecedented coalition that we're seeing right now to really launch a revival of nuclear new build in the United States. I echo your comments. It is very exciting.

Orest Wowkodaw:
Thank you very much.

Grant Isaac:
Thanks, Orest.

Operator:
Next question is from Alexander Pearce with BMO Capital Markets. Please go ahead.

Alexander Pearce:
Great, thanks. Good morning, all. We've seen increasing pressure on sulfuric acid supplies globally. Obviously, key operation for you, Inkai, is a fairly large user of acid. Maybe you can just provide a bit of an overview on any impacts you've had specifically within your operations, and is it something you think could actually impact uranium supplies globally?

Tim Gitzel:
Alex, we haven't seen any real impact here in Saskatchewan. We buy molten sulfur and make our own acid up at our sites. We're pretty comfortable with where we're at. We obviously see some cost increases, but nothing of a significant nature for the moment. Kazakhstan is probably a different movie. I was just over there a few weeks ago, and they've been talking about building a new acid plant that's supposed to come into play in the couple of years. I'm not sure how fast that's moving along. We don't see a whole lot of evidence of that. I think it would be a little trickier there, where their whole production portfolio was based on in-situ recovery using acid. We're watching that. I just say we're watching it really closely.

Grant Isaac:
For JV Inkai in particular, we continue to see probably preferential access to any of the supplies that seem to be in shortage. Over the years, we've talked not just about acid, but we've talked about piping and casing and drilling. We've talked about submersible pumps, etc. What we've seen is that Kazatomprom has made really wise decisions to allocate scarce resources, if they're becoming scarce, to the best-performing joint ventures. Of course, JV Inkai is among, if not the best-performing joint venture. We are not seeing an impact on JV Inkai in particular, but should shortages become more severe on the acid side, then we do expect it probably to hit the overall national production. But we do like JV Inkai's position in this as one of, if not the top joint venture in the country.

Alexander Pearce:
Thank you. That's great, colour. Maybe for my second question, I can just talk about some of the uranium you've borrowed in your facility. You've taken another £750,000 this quarter, I think it’s up to just over £4 million in total. How should we think about this facility going forward? Should we think of it alongside the market purchase guidance you've given?

Grant Isaac:
We have been saying for quite some time that we manage our sourcing of our committed sales through a number of different levers. Of course, the big lever is production, but we also have the ability to draw down inventory. We have the ability to buy material. Sometimes we buy it in the spot market for immediate delivery. Sometimes we buy material on the forward curve out into the future, and then we can take delivery of that material whenever we need to take delivery of that material or want to take delivery of that material.

We also have the opportunity to borrow, which you're referencing. We're constantly managing these levers based upon a very simple calculation of what's best for us. Right now, it just made sense for us to borrow a bit more as opposed to buy in the market. Because you'll recall, earlier in the spring, you had some financial entities raising money, buying in the spot market, tightening the spot market up. It made more sense for us to turn to borrow material rather than to buy. Then as the market started to come off, because there was a small royalty company putting material relentlessly into the spot market, that gave us an opportunity to go back and buy a little bit more.

We're just constantly reacting to what the market gives us. When somebody's foolish enough to sell into the spot market, we will wait and take advantage of that. If the spot market is going up because financials are in their buying, then it may make more sense to borrow. But ultimately, the point is, we've always done this. This is how we manage through our committed sales. It's why we remain in supply discipline, because we have all of these tools available. We'll just continue to make the decisions that are most appropriate for us.

Alexander Pearce:
Great. Thank you very much.

Grant Isaac:
Thanks, Alex.

Operator:
The next question is from Brian Lee with Goldman Sachs. Please go ahead.

Brian Lee:
Hey, guys. Good morning. Thanks for taking the questions. I wanted to go back to the first question around Westinghouse and U.S. government progress. Grant, I know, and Tim, you provided a lot of colour there. But your partner, Brookfield, I think last week on their earnings made some pretty granular comments on specifically making progress on establishing frameworks under which initial orders can be made for AP1000. I think they also noted a focus on progressing key work streams and hoping to make announcements in that regard soon. I was wondering, can you give us a sense of what those key work streams or frameworks might be that you're working on? Are those the key bottlenecks here in terms of anything getting officially signed, sealed, delivered?

Tim Gitzel:

Thanks, Brian. I'll ask Grant to comment on that.

Grant Isaac:

Yeah. Maybe, Brian, if it's okay, I won't call them bottlenecks because I think this is just normal course of the type of coordination that has to occur. I mean, the United States market for new build, it's not like a Poland or even a Canada where you have central government prepared to back nuclear. You have a state-owned utility who's been given permission to expand its balance sheet to build.

I mean, the U.S. is trying to build new nuclear in very much an industry-led but government-enabled way. In order to do that, you just need a lot of parties to come together at the same time. Right now, one of the critical areas of focus is standing up that supply chain. I think we all know that if there's just an announcement for two AP1000s, the supply chain will respond, but it won't respond as robustly as if there's an order for 10. There's an understanding that, look, there's going to be a lot of AP1000s built in a lot of different countries. That's going to require a supply chain. Getting ahead, perhaps, of identifying exactly where the reactors are going to be and the model they're going to be built under is one of the work streams that was probably being referred to that you referenced in comments by Brookfield.

The idea there is, can you coalition a group of utilities along with a reactor vendor, Westinghouse, along with perhaps some industrial users or offtakers of the energy to put together some structures that allow for this ordering of long lead items commensurate with or at the same time in parallel with just trying to figure out exactly where the reactors are going to go? This is unique. Uniqueness also creates a little bit of extra time in order to figure out what the right model is. These are the kind of tools that are being utilized. They're being utilized for the first time. There's a lot of effort going into it, a lot of interest going into it. I think if there's a North Star among the U.S. government that is pushing these efforts, whether it's DOE or DOC, it is full commitment to achieving the executive order from last May to have a minimum 10 large nuclear power plants under construction by 2030.

In order to do that, making sure long lead items are in the queue is going to be one of the key work streams. There's a lot of effort going on. It's exciting. It's work that indicates that the desire is there. I would just go back to the point I made at the outset. This notion of an electron super cycle in the United States, this notion of very significant investments going in to build 100-year baseload carbon-free power is probably at an unprecedented level. We're really excited about Westinghouse's position in it.

Brian Lee:
That all makes sense. Then, maybe this is less on your side of the aisle, but I also noticed Brookfield announced the partnership to work with the nuclear company for development of AP1000 sites. You spoke to standing up the supply chain, the downstream, the development side of things, starting to get that figured out as well. I think that includes V.C. Summer in South Carolina. Can you maybe speak a bit to what the implications are there for Westinghouse and AP1000 visibility, and then maybe what the nuclear company brings to the table here for that enterprise?

Grant Isaac:
Just a few very limited comments on it because we're not directly involved in that. I would say that V.C. Summer actually is not a part of the broader conversations that we just had, the DOC program or the DOE program. It is a separate project. Brookfield had stepped in to participate in the evaluation of what it would take to finish the construction at V.C. Summer. That's not a greenfield project. Many of the supply chain items that would need to be ordered for greenfield are already there at V.C. Summer. It really is about assessing the quality and the condition of that site, putting together a plan and an estimate to complete, and then seeing if South Carolina wants to go forward with it.

I think the partnership with the nuclear company makes a lot of sense in that they have built up a lot of capability around AP1000 construction. A lot of folks who were there for the completion of the Vogtle units are now with the nuclear company. That makes a lot of sense if you're looking to complete a project that was started years ago. But I would just kind of tuck it a little bit to the side. It is a unique project on its own path, one that we should watch for, but probably in the long run won't be indicative of greenfield AP1000 construction. It is a different beast in that you're going back and finishing something that had already been started. We're obviously cheering for them. It's a great project. It could be an amazing project for South Carolina, but it is different than building greenfield AP1000s.

Tim Gitzel:
Brian, can I just add, sorry, I'm going to go a little bit off track from that. We're focused on the U.S. a fair bit with Westinghouse, but I can tell you the whole world is out there with this geopolitical mess that is the world these days. A lot of people are looking for energy security, national security, that we talk about, and of course climate security. We, Grant and I and others, have been traveling the world. We're meeting with countries all over the world. Don't think the U.S. government isn't watching what the competitors, the Russians, the Chinese and others are doing out in the international markets.

We're spending a lot of time out there. We've got a lot of other countries that we're working in, Poland, Bulgaria, just a couple of them, Slovakia, Slovenia, we've got a group in Croatia, and then of course our very own Canada right here. We just came back from the CNA conference with 2,000 people attending that. Westinghouse being all over that one, and we're certainly encouraged by what Ontario has planned for new units. I think four big units at Bruce and OPG looking at 10 units at Wesleyville, our very own Saskatchewan here looking now at large units, going to make a technology selection fairly soon we think. Then we had some meetings in Alberta where Alberta, the minister was there, and they're looking at four big units up in the Peace River country.

Certainly U.S. is important, yes, but I can tell you the rest of the world is out there as well. We're not state-owned, we're not government-owned, we're an independent Western supplier that can not only supply the reactor but fuel it for the 80 years to 100 years that it's going to be running. I just wanted to add that in because that's on our mind every day as well.

Brian Lee:
Absolutely. Thank you, guys.

Operator:
The next question is from Bob Brackett with Bernstein Research. Please go ahead.

Bob Brackett:
Good morning. We saw the announcement back in March around Paducah and Global Laser Enrichment. Could you put that announcement into context, maybe in the context of technical readiness levels and where we are with GLE?

Grant Isaac:
Right. Global Laser Enrichment continues to be a very exciting project for us. Folks have heard Cameco say over the years that we want to be in the enrichment business and we will be in the enrichment business. We continue to advance that project. We think it represents the best-in-class, next-generation enrichment technology, the non-centrifuge, the supplier and technology diversification that the market is looking for. At the moment, we're at TRL 6, which verifies the technology works at that nuclear reliability level, that 99.96 sigma level of reliability that really is required in order to start thinking about this as a commercial alternative to classic centrifuge enrichment.

When we look at the commercial case for GLE, it continues to remain all eyes on Russia. Right now, if you look at the global supply of LEU and the capability to enrich, there is no shortage. There's a lot of capacity in Russia and capacity being built up in China, that at a global level, keeps the market fairly balanced. When you look at the traditional LEU market, it really is your confidence in whether the policy decision to keep the Russians out of the Western market remains. In the meantime, rather than trying to figure that one out, we just continue to advance this on the basis of it being a tails re-enrichment project. What I mean there is we have the rights to take the depleted UF6 gas that is in the inventory of the Department of Energy and take that gas and re-enrich it back up so that it would be at a natural UF6 standard.

Think about GLE in its first instance as an above ground mine producing 4 million to 5 million pounds of uranium per year disguised as a 2,000 ton conversion plant at a time when the conversion price is at historic levels. Of course, Western origin uranium is becoming more and more important on a go forward basis. For us, it really is a great project to advance as a uranium mine and a conversion plant and watch how the LEU market and, quite frankly, the HALEU market unfolds. We will just continue to advance it in that very disciplined, strategic way that you become accustomed to with Cameco.

Bob Brackett:
A quick follow-up. Remind us of your ownership options around GLE and your partnership with Silex.

Grant Isaac:
We are 49% owner. Silex is 51% owner. We do have the rights to go up to 75% ownership of that technology at a time of our choosing. Right now, that time is not now. We are just looking at continuing to advance and go through TRL 7, 8, and 9. Which, if you think about them differently than technology readiness Level 6 is, as I mentioned, it is the proof that this is a nuclear reliable and verifiable enrichment technology. Technology readiness Level 7, 8, and 9 answer all the really interesting questions about whether it can be deployed commercially with an advantage over the existing or incumbent technology.

Those are important questions to ask. Those are the normal next stage in technology development. We are happy with our ownership position as we evaluate those stages. Our partner providing 51% of the capital and the spend in order to do that just makes sense for us right now as we answer those questions. Over time, we have rights, but it just does not feel like the right time to pursue those.

Bob Brackett:
Very clear. Thanks.

Grant Isaac:
Thanks, Bob.

Operator:
The next question is from Max Hopkins with CLSA. Please go ahead.

Max Hopkins:
Hi there. On the potential of the U.S. $80 billion to Westinghouse and assuming that gets vested from the government, is there potential that the Westinghouse shares completely divested from Cameco, or is there a lot of room there in the next coming years for you guys to position your ownership differently in Westinghouse?

Tim Gitzel:
You can speak to the deal and how it's structured.

Grant Isaac:
Yeah. With specific reference to that DOC deal, remember that as part of that agreement, there was an element of this notion of, and I think the Financial Times called it patriotic capitalism, which the current U.S. administration has been pursuing, which is the idea that if they do something extraordinary to support targeted strategic businesses, that the U.S. taxpayer has a right to participate in the performance of that. That was reflected in the participation interest that we talked about at the time of that agreement.

Remember, there are two really important vesting conditions for that participation interest. The first is that there has to be a minimum $80 billion commitment to finance, to get to final investment decision, to permit, license AP1000 reactor new build. That's a huge obligation for the U.S. government. That's vesting condition number one.

If that condition is met, then vesting condition number two is that prior to January 2029, and subject to a verifiable underwritten IPO valuation, the value of Westinghouse's equity has to have grown from the $4 billion when Cameco and Brookfield Renewable acquired it, to $30 billion U.S. If a minimum $80 billion is spent on AP1000s, and a valuation of $30 billion is discovered, then the U.S. government would have a right to a participation interest. That participation interest is subject to a netting of $17.5 billion of cash distribution. It really only reflects the remaining $12.5 billion of value between what was created by Cameco and Brookfield since we owned Westinghouse, and the extraordinary effort that the U.S. government would play.

Ultimately, the U.S. government could, if they fully exercised the participation interest, get about 8% of Westinghouse. What's clear is both Cameco and Brookfield have just a ton of optionality on what to do. We don't have to sell any shares into an IPO. It would be the participation interest of the U.S. government that would seed that IPO. We could sell down a portion. I can't speak for Brookfield, what they may or may not do if there was a minimum valuation of $30 billion at Westinghouse.

Ultimately, Cameco has nothing but optionality in front of us about what we want to do with our ownership of Westinghouse. We're not forced into any decisions. We can continue to focus on the business and how it integrates with the core for Cameco. Ultimately, if somebody came along to any corporate and said they're willing to spend $80 billion of their own money, and if they can demonstrate that them spending $80 billion on your business more than quadruples the value of your business, only then can they buy into the joint venture. I think you'd do that deal every time.

We continue to be excited about it, and we continue to like what it means for Westinghouse's value, but in terms of what we do with Westinghouse going forward, we have nothing but optionality on that.

Tim Gitzel:
Under any scenario, Max, we maintain governance rights of the company between Brookfield and Cameco. We maintain the governance rights.

Max Hopkins:
Fantastic. Thank you. Very clear. A lot of people have been asking that. Secondly, on that India-Uranium deal, quite interesting. Is that assumed to be at market price or close to market price at time of delivery? Are you seeing a lot more customers coming forward in the longer term, looking to market pricing going forward?

Tim Gitzel:
We're certainly happy with that India deal. We've had in the works for the last five years, and it was not blocked by any commercial reason. It was blocked for political reasons, so we're happy to get that over the line. Absolutely on commercial terms, market terms at time of delivery. That's

a good one. We've got lots of discussions with lots of utilities underway now. We're not at a replacement rate, as you'll hear Grant say many times. We're still not there. I think it’s 12 or 13 years in a row, we haven't hit that. There's a lot of pent-up demand, £3 billion-plus that have to be procured in the next not even 20 years. We think the market looks pretty strong going forward.

Grant Isaac:

It's probably worthwhile just to spend a few minutes talking about the term market and using the India contract as a bit of a comparison. Certainly, we have seen big sovereign buyers like India, like China, really have a preference for market-related contracts. We think the reason for that might be because if you're a government employee in the Department of Procurement Services, for example, in India, there's some risk in going with a base-escalated contract because there might be times where that base-escalated contract is above the market price of uranium. That seems like a pretty risky position for you to put yourself into. We find those big sovereign interests tend to just prefer market related. Will just pay whatever the market is at time of delivery because you can always point to the market and say, well, that's the price and somebody isn't individually taking on risk.

Some of the more traditional buyers, Max, we're seeing want to fix the price. There is an interest in base-escalated out there right now, and I simply believe that that's because if you look at the supply-demand fundamentals, there are far more question marks around where the supply is coming from than where the demand is. The idea that $90, $91.50 is actually relatively cheap uranium when you think about the price that's required to incent the transition to new supply, that's probably a belief that more and more utilities have.

From Cameco's perspective, we prefer market related. We prefer contracts today that aren't trying to price on a base-escalated term. We prefer contracts that are being priced out into the future because we also look at that supply stack and we believe that there's a lot of uncertainty to the supply stack. We believe that just means a stronger pricing is coming and we want to take advantage of that and be leveraged into it. The India contract comes along; it aligns exactly with what they want to do as a big sovereign buyer. It aligns perfectly with the way we want to position our contract portfolio to be market-related and leveraged to this transition on the supply side that needs to happen and will only happen with higher uranium prices.

Max Hopkins:
Great, thank you. Validates a lot of what I've been thinking.

Tim Gitzel:
Thanks, Max.

Operator:
The next question is from Andrew Wong with RBC Capital Markets. Please go ahead.

Andrew Wong:
Hey, good morning. Lots of talks in the U.S. government and AP1000s, but there's also a lot of bills being considered globally outside of the U.S. Just wondering if you could provide any update on the sense of timelines for some of the major regions like, for example, Poland or Bulgaria, which might be more near-term decisions?

Tim Gitzel:
Yeah, Andrew, thanks. Nice to see you last week. Grant?

Grant Isaac:
When we think about the new bill programs, we actually think about two categories, Andrew, and that is the first would be the jurisdictions that have already picked an AP1000 and are now going through kind of that more traditional path to final investment decision. You just gave two really good examples, one being Poland and the other being Bulgaria. I just, I think watching the progress of those two jurisdictions and watching the commitment they have to their own energy security and really the urgency they have to their own energy security, we are expecting FID in those jurisdictions, whether that ends up being here in 2026 or early 2027. It's more imminent than it was this time last year, for sure, as they continue to work on the front end engineering and design.

Then there is a group of markets that haven't chosen the technology yet. They're going through technology selection and Canada would be an example on that list and a very good example on that list. I think 2026 is going to have both announcements around FID of programs that have already picked the AP1000. I think 2026 is going to have more markets that pick the AP1000 to then go into some sort of decision-making estimate to complete process to get to the FID. Ultimately, the reason is very simple. It is the only gigawatt-scale Gen 3 plus ready-to-deploy reactor that you could commit to today and start to work on today.

It's a reactor where, I know you've seen it, Andrew, Vogtle 4 is the reference unit. Vogtle 4 has been completely laser mapped by the Vogtle team, by John Williams and his team. We know where every bit of kit goes. We know there's no field run left. There's no uncertainty about where any of the parts or where any of the wires are run. It is absolutely deployment-ready at a time when we're back in an energy crisis. That's an important thing to remember. The last time we saw a major build-out of gigawatt-scale reactors was during a Middle East energy crisis and here we are again. We just really see a lot of enthusiasm for the AP1000 because it has an undisputable competitive advantage.

Andrew Wong:
Okay, thank you for that detail. I think more of a broader question on just price reporting and just the prices that we see in the market. If we look at fixed long-term prices during the low 90s, but then when we look at market-related floors and ceilings, those contracts have floors that are generally closer to the spot or term price than the ceilings are, which are probably higher. That would suggest a stronger price environment than just the fixed price term contracts might indicate. Do you think the market needs more pricing transparency around how we look at floors and ceilings and market-related contracts? How could we get that? Could there be more of a public way of reporting floors and ceilings?

Grant Isaac:
Andrew, that is a great question and one that I think we've talked about it a lot at Cameco, but it's one where we have so much new interest in the nuclear story and the Cameco Westinghouse story that it's a good reminder to go back and reinforce some of these messages. When people look at the long-term price of uranium, and it's at $91.50 today, the average between TradeTech and UXC, we always have to remind ourselves that it is only informed by the portion of term contracts that are base escalated. The portion of contracts that are market-related do not inform that underlying long-term price discovery.

What you're describing is what the rest of the market is telling us. In 2025, only about 30% of the total volumes of uranium that were contracted by everybody, not just Cameco, but across the market, were base escalated. Really, we have a long-term price of uranium that's only been being informed by 30% of the volumes contracted. The 70% are telling us a very different story. The 70% are telling us that there are a lot of utilities that are getting their heads around already paying three digits for uranium.

What I mean there is the point you made. Market-related contracts typically have floors; they typically have ceilings. Those floors are typically in the mid-70s escalated. Those ceilings are now in the mid-150s, getting to 160 escalated. When you look at the midpoint between those market-related contracts, you're now already between $115 and $120 per pound of uranium. In other words, there are contracts being signed where somebody's running the value at risk, putting a normal distribution between the floors and the ceilings, and understanding that the price of uranium needs to be higher to ensure that the supply of uranium is there for when it is required to go into a fabricated fuel bundle.

Normally, our market would see an effort to move that long-term price to the midpoint of the market-related, and that would just evolve through regular contracting. But your point is a good one. It would be interesting to see a price reform on long-term price or adjustments to long-term price where we actually were calculating the midpoint of long-term prices, and we were posting the midpoint of long-term market-related prices instead of just the base escalated long-term price. We would actually see a price of uranium that is already three digits, which is realistically where 70% of the market already is. We continue to work on it. We continue to talk about price reforms on the spot side as well. But it's a market that tends to move a little bit slowly, so more voices are better on this. But it would certainly be helpful in helping investors understand there is a very constructive pricing dynamic going on today.

Andrew Wong:
Great. Thanks for all that detail.

Grant Isaac:
Thanks, Andrew.

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

Brian MacArthur:
Good morning. Two questions. First of all, back to the product loans and inventories. How deep is that market? As we go forward, as the market gets tighter and tighter, is there going to be availability for you to do those product loans? Secondly, does the source of uranium enter that equation, i.e., is that all Western material that you're being able to do product loans, or can you do it on what I call state-owned enterprises, and therefore there's an impact on source when you put it out the other side? Thank you.

Grant Isaac:
The ability to borrow material is really a function of one of Cameco's competitive advantages, which is we have licensed facilities to store material. It's yet just another thing that sets us apart from a uranium-only producer. From somebody who just has a single project, never done anything before, never mined, milled, or marketed uranium, versus Cameco, which produces a heck of a lot of uranium, and then mills it, and then refines it, and then converts it, then fabricates it into fuel, and is obviously connected through the Westinghouse chain, which means there is material that other people own that is parked at our facility.

When you park it at our facility, we have the ability to charge transfer and storage agreements, but we also have the ability to negotiate loan opportunities, opportunities to borrow the material. The world is always going to need these licensed facilities. We're not making any new ones. They're pretty constrained. They're very, very strategic assets. As long as we have them, we'll have the ability to use loans as a potential source to meet our sales commitments when it makes sense for us.

In terms of origin, I won't get into a lot of detail other than, as you know, we exclusively sell under long-term contract, which means we know exactly what origins and product forms we need, and we know where we need them. When we think about things like loans, we are thinking about making sure it meets what's required under our long-term contracts. So far, that's been a very, very reliable source for us. As long as we have this unique capability and these unique strategic assets, we will be able to take advantage of it.

Brian MacArthur:
Great. Thank you. Very clear for that, colour. My second question just relates to, and I know financial questions aren't what we normally do, but I did notice the average inventory cost this quarter goes down $10 a pound. I realize it moves around as you bring in product and production and whatever. Was there anything special this quarter? It's just a $10 drop on inventory, it's pretty significant, and I would say pretty helpful going forward.

Tim Gitzel:
Brian, I'm going to ask Heidi Shockey, our CFO, to answer that.

Heidi Shockey:
Hi there, Brian. It's just really a function of the timing. In Q4, we would have had quite a few purchases that you would have seen coming in from JVI. In Q1, of course, most of our supply that we added to inventory was all on the production side. It's just really the timing of what's going into inventory at any given time. That will fluctuate throughout the year as we progress.

Brian MacArthur:
Great. Thank you very much.

Heidi Shockey:
Thanks, Brian.

Operator:
This concludes the question-and-answer session. I'd like to turn the conference back over to Tim Gitzel for any closing remarks.

Tim Gitzel:
Thanks, Operator, for that.

Apologies to those that I can see still on the list of questioners. There's a long list that we could probably stay on for another two or three hours, but please feel free to follow up anytime with any of us. We're always happy to talk to you and to answer your questions.

Thanks, everybody who joined us today. We appreciate, as always, your interest. We think at Cameco we're really well-placed to support the next chapter of nuclear growth while protecting and extending the value of our assets for Shareholders, customers, and communities. That's exactly what we're going to do. Thanks again and have a great week.

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