UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

ANNUAL REPORT PURSUANT TO SECTION 13(a) or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

Commission file number: 1-14228

CAMECO CORPORATION

(Exact name of Registrant as specified in its charter)

CANADA
(Province or other jurisdiction of incorporation or organization)

1090
(Primary Standard Industrial Classification Code Number)

98-0113090
(I.R.S. Employer Identification)

2121 - 11th Street West, Saskatoon, Saskatchewan, Canada, S7M 1J3, Telephone: (306) 956-6200
(Address and telephone number of Registrant's principal executive offices)

Scott Melbye, Cameco Inc., One Southwest Crossing, Suite 210, 11095 Viking Drive
Eden Prairie, Minnesota, USA, 55344, Telephone: (952) 941-9078
(Name, address, (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class: **Common Shares, no par value**

Name of Exchange where Securities are listed: **New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Information filed with this Form:

þ Annual Information Form þ Audited annual financial statements

Number of outstanding shares of each of the issuer's classes of
capital or common stock as of the close of the period covered by the annual report:

392,838,733 Common Shares outstanding as of December 31, 2009

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

o Yes þ No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

þ Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

o Yes o No

Certain statements in this Form 40-F constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In Exhibit 99.1 see "Caution Regarding Forward-Looking Information and Statements".

Certifications and Disclosure Regarding Controls and Procedures.

(a) **Certifications regarding controls and procedures**. See Exhibits 99.9 and 99.10.

(b) **Evaluation of disclosure controls and procedures**. As of the end of the period covered by this report, an evaluation of the effectiveness of Cameco Corporation's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act")), was carried out by Cameco Corporation's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based on that evaluation, the CEO and CFO have concluded that as of such date Cameco Corporation's disclosure controls and procedures are effective to provide a reasonable level of assurance that information required to be disclosed by Cameco Corporation in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in United States Securities and Exchange Commission (the "Commission") rules and forms.

It should be noted that while the CEO and CFO believe that Cameco Corporation's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect the disclosure controls and procedures or internal control over financial reporting to be capable of preventing all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) **Management's annual report on internal control over financial reporting**. Management, including Cameco Corporation's CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) for Cameco Corporation. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that Cameco Corporation's internal control over financial reporting was effective as of December 31, 2009.

(d) **Attestation report of the registered public accounting firm**. The effectiveness of Cameco Corporation's internal control over financial reporting as of December 31, 2009 was audited by KPMG LLP, an independent registered public accounting firm, as stated in their report in Exhibit 99.2 – 2009 Consolidated Audited Financial Statements and their report in Exhibit 99.6 – Report of Independent Registered Public Accounting Firm.

(e) **Changes in internal control over financial reporting**. During the fiscal year ended December 31, 2009, there were no changes in Cameco Corporation's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Cameco Corporation's internal control over financial reporting.

Audit Committee Financial Expert. Cameco Corporation's board of directors has determined that an audit committee financial expert serves on its audit committee. The audit committee financial expert is John H. Clappison. Mr. Clappison is an "independent" director as such term is used in the rules of the New York Stock Exchange (the "NYSE"). Information concerning the relevant experience of Mr. Clappison is included in his biographical information contained in Cameco Corporation's Annual Information Form in Exhibit 99.1. The Commission has indicated that the designation of a person as an

audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the audit committee and board of directors who do not carry this designation, or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

Code of Ethics. Cameco Corporation's code of conduct and ethics (the "Code") is applicable to all directors, officers and employees of Cameco Corporation, including the CEO and CFO. The Code, as well as Cameco Corporation's corporate governance practices and mandates of the board of directors and its committees, and position descriptions for the chief executive officer and the non-executive chair, can be found on Cameco Corporation's website at www.cameco.com under "Governance" and are also available in print to any shareholder upon request. Since the adoption of the Code, there have not been any amendments to the Code, nor have there been any waivers, including implied waivers, from any provision of the Code.

Principal Accountant Fees and Services. See Exhibit 99.4.

Off-Balance Sheet Arrangements. In the normal course of operations, Cameco Corporation enters into certain transactions that are not required to be recorded on its balance sheet. These activities include the issuing of financial assurances and long-term product purchase contracts. These arrangements are disclosed in the following sections of Exhibit 99.3 – 2009 Management's Discussion and Analysis and the notes for Exhibit No 99.2 – 2009 Consolidated Audited Financial Statements:

(a) **Financial assurances**. In the 2009 Management's Discussion and Analysis, see the disclosure at "Liquidity and Capital Resources" (pages 38-39). In the 2009 Consolidated Audited Financial Statements, see the disclosure at notes 11 and 26 of the financial statements.

(b) **Long-term product purchase contracts**. In the 2009 Management's Discussion and Analysis, see the disclosure at "Liquidity and Capital Resources" (pages 38-39). In the 2009 Consolidated Audited Financial Statements, see the disclosure at note 26 of the financial statements.

Tabular Disclosure of Contractual Obligations. See Exhibit 99.5.

Identification of the Audit Committee. Cameco Corporation has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. Cameco Corporation's audit committee is comprised of: John H. Clappison (chair), Nancy E. Hopkins, George S. Dembroski, Oyvind Hushovd, J.W. George Ivany, A. Neil McMillan and Robert W. Peterson.

Audited Annual Financial Statements. Cameco Corporation's Consolidated Audited Financial Statements as at December 31, 2009 and 2008, including the related report of the independent registered public accounting firm, is included in Exhibit 99.2 – 2009 Consolidated Audited Financial Statements. See Exhibit 99.7 – Reconciliation to United States GAAP for a reconciliation of the differences between Canadian and U.S. generally accepted accounting principles.

Disclosure Pursuant to the Requirements of the New York Stock Exchange.

(a) **Corporate governance practices**. Disclosure of the significant ways in which Cameco Corporation's corporate governance practices differ from those required for U.S. companies under the NYSE listing standards can be found on Cameco Corporation's website at www.cameco.com under "Governance".

(b) **Presiding director at meetings of non-management directors**. Cameco Corporation schedules regular director sessions in which Cameco Corporation's "non-management directors" (as that term is defined in the rules of the NYSE) meet without management participation. Mr. Victor J. Zaleschuk, as non-executive chair of Cameco Corporation, serves as the presiding director (the "Presiding Director") at such sessions. Each of Cameco Corporation's non-management directors is "independent" as such term is used in the rules of the NYSE with the exception of Donald H. F. Deranger. Cameco Corporation's criteria for director independence are set out as Appendix "A" to its board mandate, which can be found on Cameco Corporation's website at www.cameco.com under "Governance".

(c) **Communication with non-management directors**. Shareholders may send communications to Cameco Corporation's Presiding Director or non-management directors by mailing (by regular mail or other means of delivery) to the corporate head office at 2121-11th Street West, Saskatoon, Saskatchewan, Canada, S7M 1J3 a sealed envelope marked "Private and Strictly Confidential-Attention: Chair of the Board of Directors of Cameco Corporation". Any such envelope will be delivered unopened to the Presiding Director for appropriate action. The status of all outstanding concerns addressed to the Presiding Director will be reported to the board of directors as appropriate.

(d) **Corporate governance guidelines**. According to Section 303A.09 of the NYSE Listed Company Manual, a listed company must adopt and disclose a set of corporate governance guidelines with respect to specified topics. Such guidelines and the charters of the listed company's most important committees of the board of directors are required to be posted on the listed company's website and be available in print to any shareholder upon request. Cameco Corporation operates under corporate governance guidelines that are consistent with the requirements of Section 303A.09 of the NYSE Listed Company Manual. Cameco Corporation's corporate governance guidelines and the charters of its most important committees of the board of directors can be found at Cameco Corporation's website at www.cameco.com under "Governance" and are available in print to any shareholder who requests them.

(e) **Independent directors**. The names of Cameco Corporation's non-management directors are: John H. Clappison; Joe F. Colvin; James R. Curtiss; George S. Dembroski; Donald H.F. Deranger; James K. Gowans; Nancy E. Hopkins; Oyvind Hushovd; J.W. George Ivany; A. Anne McLellan; A. Neil McMillan; Robert W. Peterson; and Victor J. Zaleschuk. Each of the non-management directors is "independent", as such term is used in the rules of the NYSE with the exception of Donald H.F. Deranger.

(f) **Audit committee**. John Clappison, who is the chair of Cameco Corporation's audit committee, is a member of the audit committees of three other publicly traded companies. The board of directors has determined that such simultaneous service will not impair the ability of Mr. Clappison to effectively serve on Cameco Corporation's audit committee.

EXHIBIT INDEX

Exhibit No.	Description
99.1	2009 Annual Information Form
99.2	2009 Consolidated Audited Financial Statements
99.3	2009 Management's Discussion and Analysis
99.4	Principal Accountant Fees and Services
99.5	Tabular Disclosure of Contractual Obligations
99.6	Report of Independent Registered Public Accounting Firm
99.7	Reconciliation to United States GAAP
99.8	Consent of Independent Registered Public Accounting Firm
99.9	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934, as amended
99.10	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the U.S. Securities Exchange Act of 1934, as amended
99.11	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.12	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.13	Consent of Alain G. Mainville, P. Geo.
99.14	Consent of Charles Foldenauer, P. Eng.
99.15	Consent of Grant J. H. Goddard, P. Eng.
99.16	Consent of Lorne Schwartz, P. Eng.

Exhibit No.	Description
99.17	Consent of C. Scott Bishop, P. Eng.
99.18	Consent of Gregory M. Murdock, P. Eng.
99.19	Consent of David Bronkhorst, P. Eng.
99.20	Consent of Leslie (Les) D. Yesnik, P. Eng.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Undertaking

Cameco Corporation undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Consent to Service of Process

Cameco Corporation has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of Cameco Corporation shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the relevant registration statement.

SIGNATURES

Pursuant to the requirements of the Exchange Act, Cameco Corporation certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

DATED this 31st day of March, 2010.

CAMECO CORPORATION

By: /s/ *O. Kim Goheen*
Name: O. Kim Goheen
Title: Senior Vice-President and
Chief Financial Officer

Exhibit 99.1



Cameco Corporation

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2009

Dated March 31, 2010

Cameco Corporation
Annual Information Form

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REPORTING CURRENCY AND FINANCIAL INFORMATION

All monetary amounts in this Annual Information Form are expressed in Canadian dollars, unless otherwise indicated. References to $(US) are to United States ("US") dollars.

Financial information is presented in accordance with Canadian generally accepted accounting principles. Differences between generally accepted accounting principles in Canada and the US, as applicable to Cameco Corporation, are explained in the Company's Form 40-F, filed with the US Securities and Exchange Commission ("SEC"), for the fiscal year ended December 31, 2009, as well as in the reconciliation to US GAAP filed with the Canadian securities authorities on SEDAR at sedar.com and on EDGAR at sec.gov.

CAUTION REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this Annual Information Form and in the documents incorporated by reference which are not current statements or historical facts are "forward-looking information" (as defined under applicable Canadian securities laws) and "forward-looking statements" (as defined in the US Securities Exchange Act of 1934, as amended) which may be material and that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by them. Sentences and phrases containing words such as "believe", "estimate", "anticipate", "plan", "outlook", "predict", "goals", "targets", "projects", "may", "hope", "can", "will", "shall", "should", "expect", "intend", "is designed to", "continues", "with the intent", "potential", "strategy" and the negative of these words, or variations of them, or comparable terminology that does not relate strictly to current or historical facts, are all indicative of forward-looking information and statements. Examples of forward-looking information and statements include, but are not limited to: mineral resource and mineral reserve estimates, and forecasts relating to mining, development and other activities at McArthur River, Inkai, Rabbit Lake and Cigar Lake.

There are risk factors that could cause actual results to differ materially from the forward-looking information and statements contained in this Annual Information Form and the information incorporated herein. Factors that could cause such differences include, without limitation: the impact of the sales volume of fuel fabrication services, uranium, conversion services and electricity; volatility and sensitivity to market prices for uranium, conversion services and electricity; competition; the financial results and operations of Bruce Power Limited Partnership; the impact of change in foreign currency exchange rates (such as Canadian/US rates) and interest rates; costs of supply critical to production; imprecision in production, cost (including capital costs), decommissioning, reclamation, mineral reserve and tax estimates; the impact of significant cost increases, in particular capital cost increases; litigation or arbitration proceedings (including as the result of disputes with government authorities (including tax authorities), suppliers, customers or joint venture partners); inability to enforce legal rights; failure or inability to supply by one or more critical suppliers; defects in title; environmental, safety and regulatory risks including increased regulatory burdens, long-term waste disposal and the risk of uranium and production-associated chemicals affecting the soil and groundwater at Port Hope and other sites; unexpected or challenging geological or hydrological conditions (including at McArthur River, Cigar Lake and Rabbit Lake); adverse mining conditions; reduction in mineral reserves due to geotechnical or other risks; political risks arising from operating in certain developing countries (including Kazakhstan); nationalization risk; terrorism; sabotage; a possible deterioration in political support for nuclear energy; changes in government regulations and policies, including tax and trade laws and policies (including legislation in Kazakhstan allowing the government to renegotiate previously signed agreements); demand for nuclear power; replacement of production (including through placing Cigar Lake into production and transitioning to new mining areas at McArthur River); failure to maintain or construct sufficient tailings capacity for uranium production; the risk of uranium and conversion service suppliers failure to fulfill delivery commitments or to require material amendments to agreements relating thereto (including the HEU Commercial Agreement); failure to obtain or maintain necessary permits and approvals from government authorities; legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the electric utility industry in Ontario; Ontario electricity rate regulations; natural phenomena including inclement weather conditions, fire, flood, underground floods (including flooding at McArthur River, Rabbit Lake or Cigar Lake), earthquakes, tailings pipeline and dam failures, and cave-ins; ability to maintain and further improve positive labour relations; strikes or lockouts; operating performance, disruption in the operation of, and life of, the Company's and customers' facilities; availability of reagents, including at reasonable cost, and supplies critical to production (including the availability of acid at the Company's operations in Kazakhstan and hydrofluoric acid at the Port Hope UF_6 conversion plant); decrease in electrical production due to

planned outages extending beyond their scheduled periods or unplanned outages; success and timely completion of planned development and remediation projects (including the remediation of and return to pre-flood construction and development at Cigar Lake); failure of radiation protection plans; the risk of a significant decline in economic conditions; and other development and operating risks. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. These factors are not intended to represent a complete list of the risk factors that could affect Cameco. Additional risks are noted elsewhere in this Annual Information Form under the heading *"Risk Factors"* and Cameco's management's discussion and analysis for the fiscal year ended December 31, 2009 ("2009 MD&A").

Forward-looking information and statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: the absence of material adverse changes in the ability of Cameco's business units to supply product and services, other than as disclosed; there being no disruption of supply from third party sources; there being no significant changes in current estimates for sales volume, purchases and prices for uranium, conversion services and electricity; the expected spot prices and realized prices for uranium; Cameco's effective tax rate; there being no significant adverse change in foreign currency exchange rates, interest rates or tax rates; there being no significant changes in production, cost (including capital costs), decommissioning, reclamation, tax and mineral reserve estimates; there being no significant changes in Cameco's ability to comply with current environmental, safety and other regulatory requirements, and the absence of any material increase in regulatory compliance requirements; Cameco's ability to obtain regulatory approvals in a timely manner; the status of geological, hydrological and other conditions at Cameco's mines; the absence of any material adverse effects arising as a result of political instability, terrorism, sabotage, natural disasters, adverse changes in government legislation, regulations or policies, or litigation or arbitration proceedings; continuing positive labour relations, and that no significant strikes or lockouts will occur; the success and timely completion of planned development and remediation projects and the replacement of production; and that general economic conditions do not deteriorate further. Forward-looking information and statements are also based upon the assumption that none of the identified risk factors that could cause actual results to differ materially from the forward-looking information and statements will occur.

The forward-looking information and statements included in this Annual Information Form and the documents incorporated by reference represent Cameco's views as of the date of such documents and should not be relied upon as representing Cameco's views as of any subsequent date. While Cameco anticipates that subsequent events and developments may cause its views to change, Cameco specifically disclaims any intention or obligation to update forward-looking information and statements, whether as a result of new information, future events or otherwise, except to the extent required by applicable securities laws. Forward-looking information and statements contained in this Annual Information Form and the documents incorporated by reference about prospective results of operations, financial position or cash flows that is based upon assumptions about future economic conditions and courses of action is presented for the purpose of assisting Cameco's securityholders in understanding management's current views regarding those future outcomes, and may not be appropriate for other purposes.

There can be no assurance that forward-looking information and statements will prove to be accurate, and actual results and future events could vary or differ materially from those anticipated in them. Accordingly, undue reliance should not be placed on forward-looking information and statements. Forward-looking information and statements for time periods subsequent to 2010 involve greater risks and require longer term assumptions and estimates than those for 2010, and are consequently subject to greater uncertainty. Therefore, special caution should be taken in terms of placing reliance on such forward-looking information and statements.

NOTE REGARDING RESERVES AND RESOURCES

This Annual Information Form has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of US securities laws. All mineral reserve and resource estimates included in this Annual Information Form have been prepared in accordance with Canadian National Instrument 43-101—Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") classification system. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Information

contained herein concerning mineral deposits may not be comparable with information made public by companies that report in accordance with US standards.

The mineral reserves and resources included or incorporated by reference have been estimated as at December 31, 2009 in accordance with definitions adopted by the CIM and incorporated into NI 43-101. In this Annual Information Form, the terms “mineral resource”, “inferred mineral resource”, “indicated mineral resource”, “measured mineral resource”, “mineral reserve”, “probable mineral reserve”, and “proven mineral reserve” have the meanings adopted for those terms by the CIM.

Estimates of uranium reserves and resources were prepared by or under the supervision of the qualified persons identified at *The Nuclear Business – Reserves and Resources*. Cameco reports mineral reserves and resources separately. The amount of reported mineral resources does not include those amounts identified as mineral reserves.

Cameco reports its mineral reserves and resources in accordance with NI 43-101, as required by Canadian securities regulatory authorities. For US reporting purposes, the SEC’s Industry Guide 7 under the Securities Exchange Act of 1934 applies different standards in order to classify mineralization as a reserve. The mineral reserves reported by Cameco under NI 43-101 may not qualify as reserves under SEC’s Industry Guide 7.

An average uranium price of $54.00 (US) per pound U_3O_8 was used to estimate Cameco’s mineral reserves.

Mineral resources are not mineral reserves and do not have demonstrated economic viability, but they do have reasonable prospects for economic extraction. Measured and indicated mineral resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resources. Inferred resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred resources are too speculative geologically to have economic considerations applied to enable them to be categorized as mineral reserves. There is no certainty that mineral resources of any category will be upgraded to mineral reserves.

Although Cameco has carefully prepared and verified the mineral reserve figures presented in this Annual Information Form, such figures are estimates, which are, in part, based on forward-looking information, and no assurance can be given that the indicated levels of uranium will be produced. Estimated mineral reserves may have to be re-estimated based upon actual production experience. Fluctuations in the price of uranium, production costs or recovery rates may render mineral reserves unprofitable to develop at a particular site or sites for a period of time. See *Caution Regarding Forward-Looking Information and Statements* and *Risk Factors*.

INCORPORATION AND SUBSIDIARIES

Incorporation

Cameco Corporation (“Cameco” or the “Company”) was incorporated under the *Canada Business Corporations Act* (“CBCA”) on June 19, 1987 to combine the uranium mining and milling operations of Saskatchewan Mining Development Corporation (“SMDC”) with the uranium mining, refining and conversion operations of Eldorado Nuclear Limited (“ENL”), since renamed Canada Eldor Inc. (“CEI”) (the “Reorganization”). Pursuant to the Reorganization, in October 1988, CEI and SMDC transferred substantially all of their assets to Cameco in exchange for Cameco assuming substantially all of their current and certain other liabilities and issuing common shares, one Class B Share and promissory notes.

Cameco’s articles, pursuant to the requirements of the *Eldorado Nuclear Limited Reorganization and Divestiture Act* (Canada), as amended, and *The Saskatchewan Mining Development Corporation Reorganization Act*, contain certain constraints and restrictions. For a description of them, please see *Description of Securities*.

In 2002, Cameco’s articles were amended to increase the individual non-resident maximum share ownership from 5% to 15% and to increase the limit on aggregate non-resident ownership voting rights from 20% to 25%. The articles were

amended in 2003 to permit the board to appoint one or more directors between meetings of shareholders as permitted by the CBCA, subject to certain limitations, and to remove the requirement that the chairman of the board must be ordinarily resident in the province of Saskatchewan.

Cameco's head office, registered office and principal place of business are located at 2121 – 11 th Street West, Saskatoon, Saskatchewan, Canada S7M 1J3, telephone: (306) 956-6200.

Subsidiaries

Cameco through subsidiaries owns 100% of Cameco Europe Ltd., a Swiss company which is a party to the HEU Commercial Agreement. Under that agreement, Cameco Europe Ltd. has contractually committed supplies of on average 7 million pounds of uranium annually over the period January 1, 2010 to December 31, 2013.

Cameco owns a 31.6% limited partnership interest in Bruce Power Limited Partnership ("Bruce Power" or "BPLP"), an Ontario limited partnership, through its wholly owned Canadian subsidiaries Cameco Bruce Holdings Inc. and Cameco Bruce Holdings II Inc.

Cameco has a 60% interest in Joint Venture Inkai Limited Liability Partnership ("JV Inkai"), a limited liability partnership in Kazakhstan.

No other subsidiaries are individually or collectively material.

GENERAL DEVELOPMENT OF THE BUSINESS

Cameco is one of the world's largest uranium producers. It is publicly traded on the Toronto and New York stock exchanges. The Company's competitive position is based upon its large, high-grade mineral reserves and low-cost mining operations, significant market position and access to other supplies of uranium and uranium conversion services. Cameco is also one of the four significant converters of uranium concentrates ("U_3O_8") to uranium hexafluoride ("UF_6") in the western world,[1] the only commercial supplier of services to convert uranium concentrates to uranium dioxide ("UO_2") in the western world, and, through a subsidiary, one of two Canadian commercial suppliers of fuel fabrication services for CANDU reactors. Through subsidiaries, Cameco has a 31.6% limited partnership interest in Bruce Power, which leases and operates four Bruce B reactors in south western Ontario. The Company continues to explore for uranium in a number of countries.

Over the past four years, Cameco has made significant progress in becoming a more vertically integrated nuclear energy company, adding conversion capacity, buying fuel manufacturing facilities, investing in the development of a third-generation enrichment process and disposing of its interest in Centerra Gold Inc. ("Centerra").

The focus of Cameco's growth strategy is on its uranium segment. Cameco has a strategy to double its annual uranium production to 40 million pounds by 2018 to meet the world's rising demand for uranium. For additional information on Cameco's growth strategy, see Cameco's 2009 MD&A.

Three-Year Highlights

Major developments in Cameco's business in each of the fiscal years ended December 31, 2007 to December 31, 2009 were as follows:

Note:

1 In this Annual Information Form when the term "western world" is used, it includes Argentina, Australia, Belgium, Brazil, Canada, Czech Republic, Finland, France, Gabon, Germany, Hungary, India, Indonesia, Japan, Lithuania, Mexico, Namibia, Netherlands, Niger, Pakistan, Philippines, Portugal, Romania, Slovakia, Slovenia, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom and United States.

2007

- In March 2007, Cameco provided an update on the Cigar Lake project including: (i) an estimated production start-up of 2010; and (ii) capital and remediation cost estimates. These March 2007 estimates are no longer accurate and have been replaced by new estimates.
- In July 2007, Cameco discovered contamination of the soil and groundwater under its UF 6 conversion plant in Port Hope and suspended operations to conduct an investigation.
- In September 2007, Cameco proceeded with a normal course issuer bid to purchase for cancellation up to 17.7 million (5%) of its common shares. 9,575,300 common shares were purchased (none in 2008) at a cost of $429,327,000. The program expired in September 2008.

2008

- In June 2008, Cameco entered an agreement with General Electric (GE) and Hitachi Ltd. subsidiaries, whereby it provided $124 million (US) in cash and issued a $73 million (US) promissory note to acquire a 24% interest in GE-Hitachi Global Laser Enrichment LLC ("GLE"), a uranium enrichment development company. The remainder of GLE is owned indirectly by GE (51%) and Hitachi Ltd. (25%).
- In June 2008, Cameco and its partners agreed with Tenex to a new pricing structure under the HEU Commercial Agreement for the period 2011 to 2013, Cameco Europe Ltd.'s share of the material affected by the new price structure is approximately 7 million pounds. The Russian and US governments have approved the new pricing structure.
- In August 2008, a joint venture of a Cameco subsidiary (70%) and Mitsubishi Development Pty Ltd (30%) acquired the Kintyre uranium exploration project, located in Western Australia, from Rio Tinto for $495.0 million (US) (Cameco's share $346.5 million (US)).
- In August 2008, Cameco gave notice of its intention to redeem the 5% $230 million unsecured convertible debentures on October 1, 2008. 21,201,495 common shares were issued to holders who chose to exercise their conversion rights and 3,090 common shares were issued upon redemption of the remaining convertible debentures.
- In 2008, Cigar Lake rehabilitation continued. The October 2006 water inflow area was sealed and dewatering of the mine began in the summer of 2008. However, in August a new inflow occurred on the 420 metre level, causing dewatering to be suspended.
- In September 2008, the Port Hope UF 6 plant was restarted upon completion of a year-long rehabilitation program. However, in November operations were suspended because Cameco was unable to resolve a contract dispute with its sole supplier of hydrofluoric acid.

2009

- In February 2009, Cameco agreed with the lenders of its $470 million credit facility to increase the limit to $500 million. In the third quarter, Cameco cancelled this credit facility.
- In February 2009, Cameco added a $100 million short-term bank credit facility, maturing in February 2010. In the fourth quarter, Cameco renewed this credit facility until February 2011.
- In March 2009, Cameco issued 26,666,400 common shares for net proceeds of $441 million.

- In April 2009, Cameco entered into an Agreement on New Terms with Kyrgyzaltyn JSC ("Kyrgyzaltyn") and the Government of the Kyrgyz Republic that resolved all outstanding issues with regards to the Kumtor Gold mine.
- In June 2009, UF_6 production resumed at Port Hope.
- In September 2009, Cameco issued $500 million of 5.67% unsecured debentures due in 2019.
- In October 2009, the water inflow at the 420 metre level was sealed and dewatering of the Cigar Lake mine resumed.
- In December 2009, Cameco disposed of its entire interest in Centerra in two steps: through selling 88,618,472 common shares of Centerra through a public offering, at a price of $10.25 per share, for net proceeds of approximately $871 million; and, Cameco transferred another 25,300,000 common shares of Centerra to Kyrgyzaltyn, under the April 2009 Agreement on New Terms.
- In 2009, JV Inkai commissioned its main processing plant and started commissioning its first satellite plant.

THE NUCLEAR BUSINESS

Overview

The only significant commercial use for uranium is to fuel nuclear power plants for the generation of electricity. In recent years, nuclear plants generated approximately 15% of the world's electricity. According to the World Nuclear Association, nuclear plant electric generating capacity is expected to grow modestly between now and the year 2019, primarily as a result of new reactor construction, improved reactor operation and reactor life extensions.

The major stages in the production of nuclear fuel are: (a) uranium exploration; (b) mining and milling; (c) refining and conversion; (d) enrichment; and (e) fuel fabrication (also known as fuel manufacturing). Once a commercial uranium deposit is discovered and reserves delineated, regulatory approval to mine is sought. Following regulatory approval, the mine is developed and uranium ore is extracted and upgraded at a mill to produce uranium concentrate. Mining companies usually sell uranium concentrate to electrical generating companies ("utilities") around the world on the basis of the U_3O_8 contained in the uranium concentrate. Utilities then contract with converters, enrichers and fuel fabricators to produce the required reactor fuel.

Cameco's involvement in the nuclear business consists principally of: (a) exploring for, developing, mining and milling uranium ore to produce uranium concentrate; (b) supplying uranium refining and conversion services to produce UO_2 and UF_6; (c) purchasing uranium, uranium conversion and enrichment services from third parties; (d) supplying fuel manufacturing services for CANDU reactors; (e) selling produced and acquired uranium and uranium conversion services, as well as acquired enrichment services, to utilities; and (f) the generation and sale of electricity through its 31.6% limited partnership interest in Bruce Power.

Uranium Concentrates Business

Market Background

Demand

The demand for U_3O_8 is directly linked to the level of electricity generated by nuclear power plants. World annual uranium fuel consumption has increased from approximately 75 million pounds U_3O_8 in 1980 to about 169 million pounds in 2009. Cameco estimates that annual world uranium fuel consumption will reach 233 million pounds in 2019, reflecting an average annual growth rate of about 3% per year over the period.

Supply

Uranium supply sources include primary mine production and secondary sources such as excess inventories, uranium made available from defence stockpiles and the decommissioning of nuclear weapons, re-enriched depleted uranium tails, and used reactor fuel that has been reprocessed. Russia supplies most of the requirements of the former Soviet Union and Eastern European countries from inventories, reprocessed used reactor fuel, re-enriched depleted uranium tails and primary mine production.

Primary Production

The uranium production industry is international in scope with a small number of companies operating in relatively few countries. Cameco estimates 2009 world mine production was about 130 million pounds U_3O_8, up 14% from 114 million pounds in 2008. Approximately 92% of estimated world production was sourced from eight countries (in order of production, from greatest to least): Kazakhstan (26%), Canada (20%), Australia (16%), Namibia (9%), Russia (7%), Niger (6%), Uzbekistan (5%), and the US (3%). 83% of estimated 2009 world production was marketed by seven producers; Cameco accounting for about 16% of that production (20.8 million pounds).

Over the next 10 years, uranium mine production from existing primary supply (mines that are currently in commercial operation) is expected to meet about 67% of global uranium requirements. Secondary supplies (such as reprocessed uranium and blended down highly enriched uranium ("HEU")) continue to bridge the gap. Cameco expects these secondary supplies to meet about 21% of world demand to 2019.

Secondary Sources

Each year since 1985, world uranium production has been less than uranium consumption. The resulting shortfall has been covered by a number of secondary sources. Excess inventories held by utilities, producers, other fuel cycle participants and governments (including Russian and US government inventories) have been and continue to be a significant source of supply. Utilities, largely in Europe and some in Japan and Russia, also use reprocessed uranium and plutonium derived from used reactor fuel. In addition, in recent years, re-enriched depleted uranium tails have been generated using excess enrichment capacity.

Uranium from Nuclear Disarmament

In February 1993, the United States and Russia signed an agreement (the "Russian HEU Agreement") to manage the sale of HEU. Under this agreement, over a term of 20 years, 500 tonnes of HEU, derived from dismantling Russian nuclear weapons, are to be diluted in Russia and delivered to the United States as low enriched uranium ("Disarmament LEU"), suitable for use in nuclear power plants. Disarmament LEU scheduled for delivery during the 20-year period represents approximately 400 million pounds of natural uranium as U_3O_8 ("Disarmament Uranium"). Russia plans to annually deliver Disarmament LEU from 30 tonnes of HEU, about 24 million pounds U_3O_8 equivalent per year until the entire Disarmament LEU has been delivered. To the end of 2009, about 300 million pounds U_3O_8 equivalent had been delivered.

The USEC Privatization Act, which became law in 1996, regulates the introduction of Disarmament Uranium into the US market. Under the USEC Privatization Act, Disarmament Uranium delivered after 1996 may be sold into the US market beginning in 1998 subject to an annual quota. The 2009 quota was 20 million pounds, which is the maximum level.

In March 2008, the DOE issued a policy statement, which contains a general framework explaining how it will manage its surplus uranium inventories, including the need to dispose of them without disruption to commercial markets. In December 2008, the DOE released its Excess Uranium Inventory Management Plan. The plan provides for the disposition of uranium based on a combined annual quantity of no more than 10% of the annual US nuclear fuel requirements; however, the DOE may exceed this annual limit for certain special purposes, such as initial core loads for new reactors. The DOE indicated less than 3 million pounds U_3O_8 would enter the market in 2009 with a gradual ramp

up to 5 million pounds U_3O_8 by 2013. 20 million pounds are to be made available for initial cores for new US reactors beginning in 2010.

At the time of DOE's announcements, the level of inventory excess to program requirements amounted to about 153 million pounds U_3O_8 equivalent. In the year 2009, about 1.6 million pounds U_3O_8 equivalent was transferred to USEC and used for US HEU downblending, leaving DOE with slightly more than 150 million pounds U_3O_8 equivalent. Cameco expects this uranium will be made available to the market over the next 25 years generally as outlined in the DOE Excess Uranium Inventory Management Plan.

HEU Commercial Agreement

On March 24, 1999, a Cameco subsidiary, along with Compagnie Generale des Matieres Nucleaires (now called "AREVA"), RWE Nukem Inc. of the United States and its affiliate RWE Nuklear GmBh of Germany (collectively "the Western Companies") signed an agreement (such agreement, as subsequently amended, the "HEU Commercial Agreement") with Joint Stock Company Techsnabexport ("Tenex"), the commercial arm of the Russian Ministry for Atomic Energy, under which the Western Companies were granted options to purchase a majority of the Disarmament Uranium. The Cameco subsidiary that is a party to the HEU Agreement is Cameco Europe Ltd. In June 2008, the Western Companies agreed with Tenex to a new pricing structure for the period 2011 to 2013. Cameco Europe Ltd.'s share of the material affected by the new price structure is approximately 7 million pounds. The Russian and US governments have approved the new pricing structure. Under the HEU Commercial Agreement as subsequently amended in 2001, 2004 and 2008, there remains on average about 7 million pounds uranium equivalent to be delivered annually to Cameco Europe Ltd. to 2013.

A series of related agreements between the US and Russian governments (collectively, the "Bilateral Agreement"), which are integral to the HEU Commercial Agreement, require Tenex to return to Russia the Disarmament Uranium not purchased by the parties to the HEU Commercial Agreement or sold by Tenex, and allows Russia to use about 7 million pounds U_3O_8 equivalent annually for blending down HEU to Disarmament LEU. Pursuant to the Bilateral Agreement, the balance of the returned uranium is to be placed in a monitored stockpile. In the event the monitored stockpile exceeds 58 million pounds U_3O_8 equivalent, Russia is permitted to sell the excess into supply contracts in existence on March 24, 1999, mainly with utilities in Eastern Europe. At the end of 2009, Cameco estimates there were 13 million pounds in the monitored stockpile.

Trade Restraints and Policies

As a result of anti-dumping proceedings brought in the early 1990s, the US and certain countries entered into suspension agreements to limit access to the US market. Only the suspension agreement with Russia remains in effect. In February 2008, the United States Department of Commerce and Russia signed an amendment to the Russian suspension agreement, which allows for additional Russian supply directly to US utilities. The amendment sets out an annual LEU quota with very limited quantities in 2011 to 2013. Upon completion of the Russian HEU Agreement, in 2014 the annual quota increases to about 13 million pounds U_3O_8 equivalent for the period 2014 to 2020. In addition to this quota, Russian uranium products may be supplied for initial cores in new US reactors.

The US restrictions have no effect on the sale of Russian uranium to other countries. About 70% of world uranium requirements arise from utilities in countries unaffected by the US restrictions. However, utilities in some countries adopt policies that limit the amount of Russian uranium they will purchase.

The Euratom Supply Agency in Europe, which must approve all uranium related contracts entered into by members of the EU, limits the use of nuclear fuel supplies from any one source in order to maintain security of supply (historically at an informal level of about 20%).

Prices and Spot and Long-Term Volumes

Utilities secure a substantial percentage of their uranium requirements by entering into long-term contracts with uranium producers. Uranium contract terms generally reflect market conditions at the time the contract is accepted, with delivery

beginning several years in the future. In awarding these contracts, utilities consider the commercial terms offered, including price, as well as the producer's performance record and uranium mineral reserves.

Prices are established by a number of methods including fixed prices adjusted by inflation indices and market referenced prices (spot and/or long term price indicators). Many contracts also contain floor prices, ceiling prices and other negotiated provisions, such as discounts, that affect the price ultimately paid. For example, ceiling prices limit the upside potential of price movement, while floor prices establish a minimum price that will ultimately be paid. Instead of ceiling prices, some contracts may include a discount off the market price, when the market price reaches a threshold level. Prices under uranium supply contracts are usually confidential.

Utilities and other market participants also acquire uranium through spot purchases from producers and traders. Spot market purchases are those that call for delivery within one year. Traders and investors or investment funds are active in the market and generally source their uranium from organizations holding excess inventory including utilities, producers, governments and others. Spot market volume in 2009 increased to about 54 million pounds U_3O_8 from 43 million pounds U_3O_8 in 2008. The 2009 volume set a record. Prior to 2008, the volumes traded in the spot market have been smaller ranging from about 10% to 15% of annual consumption.

The industry average spot price (TradeTech and Ux Consulting (UxC)) on December 31, 2009 was $44.50 (US) per pound U_3O_8, a 15% decrease from the December 31, 2008 price of $52.50 (US). The industry average long-term price (TradeTech and UxC) on December 31, 2009 was $61.00 (US) per pound U_3O_8, down 13% from $70.00 (US) at December 31, 2008.

Cameco estimates 2009 long-term contracting was about 150 million pounds U_3O_8, approximately 15% higher than 2008.

Marketing

Cameco markets uranium to utilities in direct competition with supplies available from various sources worldwide. Cameco's marketing strategy is to commit its uranium production under long-term contracts with a diversified mix of pricing mechanisms, as described above.

Sales contracts historically contained some quantity flexibility that enables the purchaser to reduce or increase the amount of uranium to be delivered from year to year within a specified range. Recent contracts generally no longer provide such flexibility. In general, utilities purchase from multiple suppliers in order to diversify their sources. Cameco sells uranium concentrates for use by utilities in Argentina, Belgium, Canada, China, Finland, France, Germany, Japan, Romania, South Korea, Spain, Sweden, Taiwan, the UK and the US.

In 2009, approximately 49% of Cameco's U_3O_8 sales were to five customers. Cameco currently has commitments of approximately 300 million pounds U_3O_8 under long-term contracts with about 50 customers worldwide. Cameco's five largest customers account for approximately 47% of these commitments. 49% of Cameco's committed sales volume is to purchasers in the Americas (US, Canada and Latin America), 21% in the Far East and 30% in Europe.

Generally the Company's contracts include a supply interruption clause that gives Cameco the right to reduce, on a pro-rata basis, defer or cancel deliveries if there is a significant shortfall in planned production or in deliveries under the HEU Commercial Agreement. A portion of the 2010 deliveries have been deferred for a five to seven year period as a result of the supply interruption provisions in Cameco's contracts.

In addition, the baseload contracts put in place to support the development of Cigar Lake contain provisions which allow Cameco to reduce, defer or terminate deliveries in the event of any delay or shortfall in Cigar Lake production. Cameco continues to discuss with its customers the possible effect of the uranium production delay at Cigar Lake. For the Cigar Lake baseload contracts with deliveries in 2009 and 2010, these volumes (as well as 2007 and 2008 delivery volumes) have been deferred to the end of the respective contracts.

Cameco participates in the uranium spot market from time to time, including making spot purchases to take advantage of opportunities to place the material into higher priced contracts. In addition to being a source of profit, this activity can provide insight into the underlying market fundamentals and supports Cameco's sales activities.

Cameco has purchased uranium under spot and long-term contracts and may make similar purchases in the future. At December 31, 2009, Cameco had firm commitments to purchase approximately 31 million pounds uranium equivalent over the 2010-2013 period, of which on average about 7 million pounds per year is the result of the exercise of options under the HEU Commercial Agreement by Cameco Europe Ltd.

Cameco entered into a standby product loan facility with one of its customers in 2008. The facility, which became effective April 1, 2008, allows Cameco to borrow up to 2.4 million pounds U_3O_8 equivalent from April 1, 2008, to December 31, 2011, and to repay it from 2012 to 2014. Cameco pays standby fees of 2.0% of the U_3O_8 long-term market value at the time the facility was signed, and 5.0% interest on any amounts Cameco draws. Borrowings must be repaid in kind. As at December 31, 2009, there was nothing outstanding under this facility. Revenue from deliveries to this customer, up to the limit of the loan facility, will be deferred until the loan facility has been terminated or, if drawn upon, when the loans are repaid. Revenues deferred to date have not had a material impact on Cameco's revenues or earnings. Please see Note 11 to Cameco's audited consolidated financial statements and notes thereto for the year ended December 31, 2009 ("2009 Financial Statements") for more details of this standby product loan agreement.

Mining Properties

The Company's uranium production is generated from five sources: two sources in Saskatchewan, two sources in the US and one in Kazakhstan. The Saskatchewan sources are the Rabbit Lake mine and mill and the combined McArthur River mine — Key Lake mill. The US sources are Crow Butte and Smith Ranch-Highland in situ recovery ("ISR") operations. The Kazakhstan source of production is the Inkai ISR operation. Cameco has three material uranium properties: McArthur River and Inkai, which are being mined, and Cigar Lake, which is being developed.

The Key Lake mill processes McArthur River ore blended with stockpiled mineralized waste from the McArthur River or Key Lake deposits. Mining at Key Lake ended in 1997.

The following table shows Cameco's share of uranium production (pounds U_3O_8) for the past three years. For Cameco's share of forecast uranium production over the period 2010 to 2014, see page 55 of the Company's 2009 MD&A at "Uranium – production overview."

	2007	2008	2009
McArthur River (1)	13,100,000	11,600,000	13,300,000
Rabbit Lake	4,000,000	3,600,000	3,800,000
Smith Ranch-Highland	2,000,000	1,200,000	1,800,000
Crow Butte	700,000	600,000	800,000
Inkai	360,000	300,000	1,100,000
Total	20,160,000	17,300,000	20,800,000

Note:

(1) Milled at Key Lake

McArthur River

McArthur River in northern Saskatchewan is an underground uranium mine owned by two joint venture partners: Cameco (69.805%), and AREVA (30.195%). Cameco is the operator. It contains the world's largest known high-grade uranium deposit. At December 31, 2009, the Company's share of proven and probable mineral reserves was 543,400 tonnes of ore containing 234 million pounds U_3O_8 with an average grade of 19.53% U_3O_8, its share of measured and indicated mineral resources was 141,500 tonnes of ore containing 21.1 million pounds U_3O_8 with an average grade of 6.78% U_3O_8, and its share of inferred mineral resources was 421,800 tonnes of ore containing 111.3 million pounds U_3O_8 at an average grade of 11.97% U_3O_8.

A technical report on the McArthur River mine entitled "McArthur River Operation, Northern Saskatchewan, Canada", dated February 16, 2009 with an effective date of December 31, 2008, (the "McArthur River Report"), has been prepared

for Cameco in accordance with NI 43-101 by four Cameco “qualified persons” and one non-Cameco “qualified person”, as defined in NI 43-101. The following description of the McArthur River mine is based on the McArthur River Report with certain updates to reflect developments since the date of the McArthur River Report. The following description has been prepared by or under the supervision of David Bronkhorst, P. Eng., Alain G. Mainville, P. Geo., Gregory M. Murdock, P. Eng., Lorne D. Schwartz, P. Eng, and Leslie D. Yesnik, P. Eng., each of whom is a “qualified person”, but not independent of Cameco within the meaning of NI 43-101. A copy of the McArthur River Report is available electronically on SEDAR at sedar.com and on EDGAR at sec.gov. Conclusions, projections and estimates set out in this Annual Information Form regarding McArthur River are subject to the qualifications, assumptions and exclusions that are detailed in the McArthur River Report. To fully understand the summary information set out below and elsewhere in this Annual Information Form, the McArthur River Report filed on SEDAR or EDGAR should be read in its entirety.

For a description of royalties payable to the province of Saskatchewan on the sale of uranium extracted from ore bodies within the province, such as McArthur River, and taxes, environmental matters and uranium sales, see *Canadian Royalties and Certain Taxes, Environmental Matters* and *Uranium Concentrates Business,* respectively.

Property Description and Location

This property is located near Toby Lake in northern Saskatchewan, approximately 620 kilometres north of Saskatoon. The McArthur River mine site is compact, occupying approximately an area of one kilometre in the north/south direction and half a kilometre in the east/west direction.

The McArthur River uranium deposit is located in the area subject to mineral lease ML-5516, totalling 1,380 hectares. Under this mineral lease, Cameco acquired the right to mine this deposit. The current mineral lease expires in March 2014 with the right to renew for successive ten-year terms absent a default by Cameco.

Surrounding the McArthur River uranium deposit are 21 mineral claims, totalling 83,438 hectares. The mineral lease and mineral claims are contiguous. Title to the 21 mineral claims is secured until 2017, as a result of previous assessment work completed by Cameco. A mineral claim grants the holder the right to explore for minerals within the claim lands and the right to apply for a mineral lease.

The surface facilities and mine shafts for the McArthur River operation are located on lands owned by the province of Saskatchewan. Cameco acquired the right to use and occupy the lands under a surface lease agreement with the province of Saskatchewan. The most recent surface lease agreement was signed in April 1999 and has a term of 33 years. Obligations attached to the surface lease relate primarily to annual reporting regarding the status of the environment, land development and progress on northern employment and business development. The McArthur River surface lease presently covers about 651 hectares.

Site Accessibility, Climate, Local Resources, Infrastructure and Physiography

The means of access to the property is by an all-weather road and by air. Supplies are transported by truck and can be shipped through Cameco’s transit warehouse in Saskatoon. A 1.6 kilometre unpaved air strip and air terminal is located approximately one kilometre east of the mine site within the surface lease, allowing flights to and from the McArthur River property. McArthur River ore is transported to the Key Lake mill for processing some 80 kilometres to the southwest along a gravel highway. Site operations are carried out throughout the year despite cold winter conditions. The fresh air necessary to ventilate the underground workings is heated during the winter months using propane-fired burners. There is easy access to and sufficient water from nearby Toby Lake to satisfy all industrial and residential water requirements. The site is connected to the provincial power grid. There are standby generators in case of grid power interruption. Personnel are recruited from the northern area communities and major Saskatchewan population centers such as Saskatoon. Underground development work is tendered to a number of mining contractors. Cameco personnel conduct all production functions.

McArthur River is a developed producing property, with surface right holdings that meet all of its mining operation needs as well as sufficient site facilities and infrastructures. No tailings management facilities are required as McArthur River ore is milled at the Key Lake mill.

The site consists of an underground mine, one full service shaft and two ventilation shafts along with numerous surface facilities, including inert waste rock stockpiles, a large capacity mine water treatment plant and ponds, a freshwater pump house, powerhouse, electrical substations, standby diesel generators as well as maintenance and warehousing facilities. Other major facilities include an ore body freezing plant, a concrete batch plant, an administration and maintenance shops building and an ore load-out building.

Waste rock piles from the excavation of the three shafts and all underground development are confined to a small footprint within the surface lease. Waste piles have been segregated into three separate areas: clean waste, mineralized waste (>0.03% U_3O_8) and potentially acid generating waste. The latter two stockpiles are contained on engineered lined pads. The clean waste piles include piles for mine development waste, crushed waste, and various piles for concrete aggregate and backfill.

The topography and the environment are typical of the taiga-forested lands common to the Athabasca basin area of northern Saskatchewan. The surface facilities are approximately 550 metres above sea level.

History

There have been numerous changes in ownership of participating interests in the joint venture that governs the McArthur River property. The joint venture was formed in 1976 and the original joint venture partners were Canadian Kelvin Resources Ltd. and Asamera Oil Corporation Ltd. In 1977, SMDC, a predecessor company to Cameco, acquired an interest in the joint venture and in 1980, became operator of the joint venture project. In 1988, Eldorado Resources Limited merged with SMDC to form Cameco and Cameco became operator of the joint venture project.

Two of the more recent significant changes in ownership occurred in 1998 and 1999. In 1998, Cameco bought all of the shares of Uranerz Exploration and Mining Ltd. (and changed Uranerz's name to UEM Inc.), thereby increasing its direct and indirect participating interest in the McArthur River joint venture to 83.766%. In 1999, AREVA acquired one-half of the shares of UEM Inc., thereby reducing Cameco's direct and indirect participating interest in the McArthur River joint venture to 69.805% and increasing AREVA's direct and indirect participating interest in the McArthur River joint venture to 30.195%.

In March 2009, the participating interest in the McArthur River joint venture held by UEM Inc. (27.922%) was distributed equally to its shareholders, Cameco (13.961%) and AREVA (13.961%). As a result, Cameco (69.805%) and AREVA (30.195%) each now hold their respective interests in the McArthur River joint venture directly.

Surface exploration programs were active from 1980 through to 1992. Significant mineralization of potentially economic uranium grades were first discovered as a result of surface drilling in the 1988 and 1989 exploration seasons. Surface drilling programs delineated a mineralized zone over 1,700 metres in length, occurring at depths ranging between 530 to 640 metres below surface.

Underground exploration began in 1993 and continued until 1997. Following review of the environmental impact statement, public hearings, and receipt of approvals from the governments of Canada and Saskatchewan, the Atomic Energy Control Board ("AECB") issued construction licences for McArthur River in August 1997 and May 1998. In October 1999, Cameco received an operating licence from federal authorities and operating approval from provincial authorities.

Geological Setting and Mineralization

The McArthur River deposit is located in the south-eastern portion of the Athabasca basin, within the south-west part of the Churchill structural province of the Canadian Shield. The crystalline basement rocks underlying the deposit are members of the Aphebian aged Wollaston Domain, metasedimentary sequence and consist of two distinct parts: a hanging wall pelitic sequence of cordierite and graphite bearing pelitic and psammopelitic gneiss with minor meta-arkose and calc-silicate gneisses; and a sequence consisting of quartzite and silicified meta-arkose and rare pelitic gneisses. These basement rocks are unconformably overlain by flat lying, unmetamorphosed sandstones and conglomerates of the Helikian Athabasca Group. These sediments consist of the A, B, C and D units of the Manitou Falls Formation; and a

basal conglomerate containing pebbles and cobbles of quartzite. The sandstone is over 500 metres thick in the deposit area.

Uranium mineralization has been delineated from surface drilling over a strike length of approximately 2 kilometres, generally occurring at depths ranging between 500 metres to 640 metres below surface. Underground drilling programs have covered approximately 750 metres of the strike length delineated from surface. The mineralization is structurally controlled by a northeast-southwest trending reverse fault (the “P2 Fault”) which dips 40-65 degrees to the southeast. The fault has thrust a wedge of basement rock into the overlying sandstone. The vertical displacement of the fault exceeds 80 metres at the northeast end of the deposit decreasing to 60 metres at the southwest end.

Underground drilling has delineated four distinct mineralization zones with mineral reserves (Zones 1 to 4). Two additional Zones, A and B, are on the northern portion of the deposit and are indicated through surface drill holes only. Ore widths are variable along strike. Five of the six mineralized zones occur in sandstone and basement rock along the faulted edge of the basement wedge. Zone 2 is the exception as it is entirely hosted in structurally disrupted basement rock in a unique area of the deposit where a massive footwall quartzite unit lies in close proximity to the main zone of faulting.

Although all rocks at McArthur River are altered to some degree, alteration is strongest in or near faults, often associated with mineralization. In the pelitic hanging wall basement rocks above the P2 Fault, chloritization is common and most intense within a metre of mineralization. Pervasive silicification is the predominant alteration characteristic of the sandstone. Intensity of silicification increases 375 metres below surface and continues to the unconformity. This brittle sandstone is strongly fractured along the path of the main fault zone, resulting in poor ground conditions and high permeability to water.

In general, the high-grade mineralization, characterized by botryoidal uraninite masses and subhedral uraninite aggregates, constitutes the earliest phase of mineralization in the deposit. Pyrite, chalcopyrite, and galena were also deposited during this initial mineralizing event. Later stage, remobilized uraninite occurs as disseminations, veinlets, and fracture coatings within chlorite breccia zones and along the margins of silt beds in the Athabasca sandstone.

Exploration, Drilling and Estimates

The original McArthur River resource estimates were derived from surface diamond drilling. The drill hole data consists of assay results from 42 drill holes compiled with all relevant geological and technical data. The very high grade encountered in these drill holes justified the development of an underground exploration project.

From 1994 to present, several drilling campaigns from underground levels at 530 metres and 640 metres depth were completed. Diamond drilling was followed by systematic radiometric probing of the holes using a high flux probe adapted to the very high radioactivity encountered. Drill holes intersected mineralized zones on a grid spacing of 10 x 10 metres. Radiometric probing was at 0.10 metre spacing in the radioactive zones. Where core recovery allows it, sampling and assaying of the cores as well as density measurements are performed to confirm correlations.

The data from underground exploration drill holes have been interpreted and estimates of mineral reserves and resources have been made in four mineralized zones (Zones 1 to 4). In addition to this drilling, hundreds of freeze holes and raise bore pilot holes have provided data supporting the interpretation. In areas of no underground drill holes, surface exploration drill holes are the basis for the mineral resource estimates for four additional areas labelled MCA South, MCA North, Zones A and B.

Cameco has been undertaking surface exploration drilling since 2004 to test the extension of mineralization previously identified from historical surface drill holes, to test new targets along strike and to evaluate the P2 trend both north and south of the McArthur River mine. As of December 31, 2009, 115 surface drill holes totalling nearly 60,000 metres were drilled along the P2 trend comprising a combination of conventional and directional drilling. The P2 trend has now been tested at approximately 200 metre intervals for a distance of 4.3 kilometres north of the McArthur River mine site and 1.5 km to the south. Included in the above diamond drilling totals were 13 holes totalling 5,900 m completed last fall to confirm and increase the Zone B resource. For 2010, a total of $5.0 million (Cameco’s share $3.5 million) has been budgeted for diamond drilling to test the P2 trend south of the mine.

Since 1993, over 650 underground drill holes, totalling approximately 58,000 metres, have provided detailed information for 750 metres of strike length. Over 1,500 additional underground drill holes, totalling in excess of 105,000 metres, were drilled for geotechnical information, probe and grout covers, service and drain holes and freeze holes.

Exploration drilling and development continued on both surface and underground in 2009. Activity for 2009 focused on evaluation of mineral resources, both to the north and to the south of the current mineral reserves. In 2008, mineral resources to the south of McArthur River were considered to have greater near term development potential for future mining due to established infrastructure and were made a higher priority exploration target. As a result, McArthur River was able to increase reserves in 2009 relative to 2008, after accounting for 2009 production. A surface drill program to the north of the McArthur River main shaft was conducted. This program was successful and increased both the grade and total inferred resources at the site.

Tunnelling of a north exploration drift was initiated in 2007 and will be followed up with underground exploration once sufficient access has been established. This year, Cameco plans to initiate a multi-year project, the *McArthur River expansion*, to accelerate the advancement of the underground exploration drifts on the 530 metre level to the north and south of the existing mine. This work is expected to further delineate Zone A and B inferred resources to the north as well as resources to the south. As part of the project, Cameco will also initiate a preliminary assessment to determine the potential options and feasibility for mining these resources.

Cameco is satisfied with the quality of data obtained from the surface exploration and underground drilling at McArthur River and considers it valid for use in the estimate of mineral resources and mineral reserves at McArthur River. This is supported by the annual reconciliation of the mine production to within 5% of the estimate of pounds of uranium for the last five years.

Mine Operations and Development

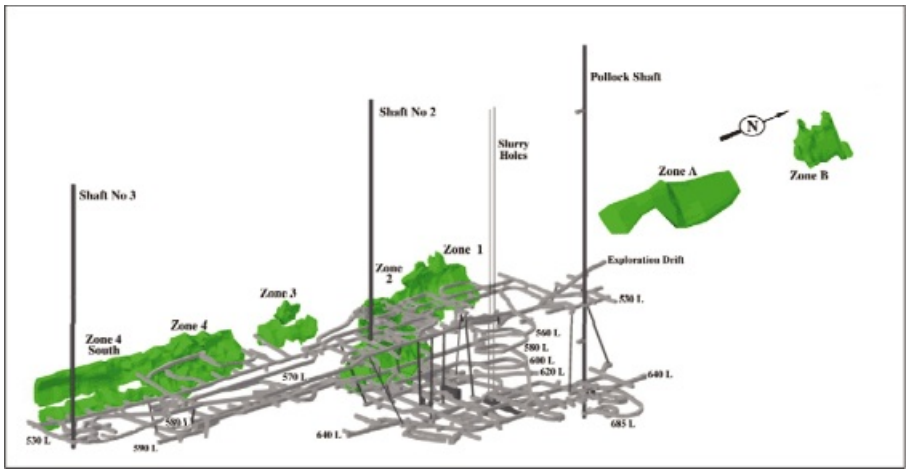
Construction and development of the McArthur River mine began in 1997 and was completed on schedule and mining commenced in December 1999. Upon completion of mine commissioning, commercial production was achieved on November 1, 2000.

At present, the site includes three shafts. The first shaft is used to move workers, material and waste rock. The second shaft is used for mine exhaust air ventilation. The third shaft is equipped as an emergency means of egress. The first and third shafts are also used for fresh air ventilation.

Three permits must be maintained to operate the mine at McArthur River. Cameco holds a “Uranium Mine Facility Operating Licence” from the Canadian Nuclear Safety Commission (“CNSC”) and an “Approval to Operate Pollutant Control Facilities” and a “Permit to Operate Waterworks” both from the Saskatchewan Ministry of Environment (“SMOE”). These permits are current. The CNSC licence was renewed for a five-year term in 2008 and expires on October 31, 2013. The SMOE permits were renewed in 2009 and the “Approval to Operate Pollutant Control Facilities” expires on October 31, 2014 and a “Permit to Operate Waterworks” expires on October 31, 2011.

McArthur River currently has four Zones with delineated mineral reserves (Zones 1 to 4). Zones A and B are categorized as inferred mineral resources. Parts of Zones 1, 2, 3, and 4 also have mineral resources. Since mine start-up in 1999, only Zone 2 has been mined. To sustain production levels, Cameco needs to move to new mining areas.

Zone 2 is divided into four panels (Panels 1, 2, 3 and 5). Panel 5 represents the upper portion of Zone 2, overlying a portion of the other Panels. Until late 2009, all mine production was from Panels 1, 2 and 3, and there are still limited reserves that Cameco will extract from these Panels in the next few years.



In 2009, the initial raisebore chamber tunnel for Zone 2 (Panel 5) was completed within the protection of freezewalls. This marks the first time development has been accomplished through the unconformity into the Athabasca sandstone. Zone 2 (Panel 5) is expected to account for approximately two-thirds of McArthur River mine production in 2010. Cameco intends to produce over 85 million pounds of U_3O_8 from this area. Portions of the new production raises for Zone 2 (Panel 5) will intersect the freezewall originally developed for Zone 2 (Panels 1, 2 and 3). This original freezewall is now redundant. The steel freezepipes from this freezewall are being removed. Timely removal represents the largest remaining schedule risk that could impact 2010 production rates in this area.

In November 2008, the extraction area for lower Zone 4 development on the 590 metre level encountered a small inflow of water that was captured and controlled. The inflow has not caused Cameco to alter any planned mining on the 590 metre level. Overall, lower Zone 4 is classified as higher risk development and Cameco adjusted its development and production schedules to recognize and mitigate these risks. In 2009, development of this lower zone continued. Cameco completed the raisebore chamber on the 530 metre level, completed all freezehole drilling and began freezing the ground. Production from this area is expected in late 2010.

The mining of the McArthur River deposit faces a number of challenges, including groundwater control, weak rock formations and radiation protection. Based on these challenges, non-entry mining methods — including the raise boring method — are required to mine the majority of the deposit.

The sandstones that overlay the ore zones and basement rocks contain significant amounts of water, which is at hydrostatic pressure that will flow into the underground workings unless controlled. Ground freezing is used to form an impermeable freeze wall, to prevent water from the sandstones entering into the active ore zones, and to help stabilize highly fractured footwall rocks during mining operations.

Ore extraction is performed by the raise boring method, with broken ore falling to the extraction level. A line-of-sight remote controlled loader transports the ore to a grinding circuit. This circuit grinds the ore to a size that is acceptable for the Key Lake leaching circuit. From the grinding circuit, ore is pumped 680 metres to surface for storage in four ore slurry-holding tanks. Ore is drawn out of the ore slurry holding tanks and pumped into containers on a transport truck for shipment to the Key Lake mill over an 80 kilometre all-weather road. Once a raise has been bored through the ore zone, it is backfilled with concrete. After all the rows of raises are complete in a chamber, equipment is removed from the area and the chamber is backfilled with concrete. A new chamber is then excavated to allow for the adjacent area to be mined and the cycle is repeated.

Cameco plans to continue using the current raise boring mining method to extract ore from lower Zone 1, Zone 2 (Panels 1, 2, 3 and 5) and the lower mining area of Zone 4. Alternate mining methods planned for other Zones of the ore body include boxhole boring and blasthole stoping. The recent success in Zone 2, Panel 5 now provides the potential for more extensive use of the raisebore method in the mine.

Boxhole boring is a vertical development technique used at a few mines around the world, however, this will represent its first application to uranium mining as a production method. Cameco has some additional experience with boxhole boring, as it previously tested this method at Rabbit Lake and Cigar Lake. Additional testing at McArthur River will be required to evaluate the productivity of this method and will require additional operational development during test work and initial mining phases.

Technical challenges associated with boxhole boring include reaming through frozen ground, raise stability, controlling raise deviation, material handling and control of radiation exposure. Accordingly, Cameco has scheduled a long lead-time for implementation to ensure the technical challenges are understood and risks mitigated. Until Cameco has fully developed and tested the boxhole boring method at McArthur River, there is uncertainty as to future estimated productivity. Three raises in waste were completed in 2009 and the fourth will be completed at the end of the first quarter in 2010. The first test of the method in ore is planned to take place in 2010 with the ground now frozen and development access underway. Cameco has CNSC approval for the boxhole test program in waste and expects to provide the CNSC with a second submission for boxhole boring in ore for 2010.

Production at Cameco's McArthur River mine was temporarily suspended on April 6, 2003, as increased water inflow from an area of collapsed rock in a new development area, located just above the 530-metre level, began to flood portions of the mine. Remedial work to return the mine to safe operating condition was carried out during the second quarter of 2003 and was sufficiently advanced in July 2003 for mine production to resume. The excess water inflow was sealed off in July 2004.

Following the water inflow incident in 2003, and as a result of a series of subsequent capacity improvements, Cameco has increased the peak pumping capacity at the McArthur River mine to more than 1,850 cubic metres per hour. Cameco has water treatment capacity and regulatory approval to treat and release 1,500 m3/hr in non-routine circumstances. Beyond that, Cameco has water storage capability of 50,000 cubic metres in a surface pond which could provide several weeks of storage for any inflows in excess of hourly treatment capacity. In Cameco's view, this is sufficient capacity to handle an estimated maximum inflow. Cameco reviews the dewatering system and requirements at least once a year and before beginning work on any new zone.

Milling

The Key Lake joint venture has two joint venture partners: Cameco (83 1/3%) and AREVA (16 2/3%). In March 2009, a 33 1/3% participating interest in the Key Lake joint venture, which up to that time had been held by UEM Inc., was distributed equally to its shareholders, Cameco (16 2/3%) and AREVA (16 2/3%). As a result, Cameco and AREVA each now hold their respective interests in the Key Lake joint venture directly. The Key Lake joint venture is operated by Cameco.

The Key Lake joint venture entered into a toll milling agreement with AREVA in June of 1999, as amended in January 2001 (the "Original Toll Milling Agreement"), to process all of AREVA's share of McArthur River ore at the Key Lake mill. The terms of the Original Toll Milling Agreement include a provision for processing at cost plus a toll milling fee and provide that the Key Lake joint venture owners are responsible for decommissioning the Key Lake mill and certain capital costs, including the costs of any tailings management associated with milling AREVA's share of McArthur River ore. The Original Toll Milling Agreement further provides that after June 1, 2009, the agreement will automatically be extended for one-year periods unless six months notice is given by AREVA stating its desire to terminate the agreement effective at the end of any operating year.

As a result of the distribution by UEM of its interests in the Key Lake and McArthur River joint ventures to its shareholders (the "UEM Distribution"), the Original Toll Milling Agreement has been amended (the "Amended Toll Milling Agreement") to reflect that with respect to AREVA's entitlement to its pro-rata share of ore produced from the McArthur River joint venture which it held directly prior to the UEM Distribution (16.234%) (the "First Ore Stream"),

the fees and expenses under the Original Toll Milling Agreement will not change. Further, AREVA will continue to not be responsible (as a Key Lake owner) for any pro-rata proportion of costs of the decommissioning the Key Lake mill and capital costs in connection with the First Ore Stream. The Amended Toll Milling Agreement provides that with respect to AREVA's pro-rata share of ore produced from the McArthur River joint venture which it received as a result of the UEM Distribution (13.961%) (the "Second Ore Stream"), the fees and expenses and the responsibility for decommissioning the Key Lake mill and capital costs will be the same as those for a Key Lake joint venture owner under the Original Toll Milling Agreement. The termination rights of AREVA under the Amended Toll Mill Agreement remain the same as those in the Original Toll Milling Agreement described above except that the Second Ore Stream must be milled at the Key Lake mill for the entire life of the McArthur River project regardless of any termination rights of AREVA. Cameco has not entered into a formal toll milling agreement with the Key Lake joint venture, but its share of McArthur River ore is milled at Key Lake.

At the Key Lake mill, McArthur River ore is blended with low grade mineralized material down to approximately 4% U_3O_8. The uranium in the blended ore is then dissolved in a leaching circuit. The resulting uranium bearing solution is separated from the barren ore solids in a counter current decantation circuit and is further concentrated in a solvent extraction circuit. The uranium is precipitated out of solution by the addition of ammonia, producing ammonium diuranate that is thickened and centrifuged before the uranium is transferred to a calciner. The calciner dries and calcines the uranium before it is packed into 200 litre drums. The final product is about 98% U_3O_8.

Three permits must be maintained to operate the Key Lake mill, where ore from McArthur River is processed. Cameco holds a "Uranium Mill Operating Licence" from the CNSC and an "Approval to Operate Pollutant Control Facilities" and a "Permit to Operate Waterworks" both from the SMOE. These permits are current. The CNSC operating licence was renewed for a five-year term in 2008 and expires on October 31, 2013. The SMOE permits were renewed in 2009 and will expire on November 30, 2014.

In June 2009, the CNSC approved an amendment to Key Lake's operating licence, allowing flexibility in the annual licensed production limit. Under certain conditions, Cameco has approval to produce up to a maximum of 20.4 million pounds U_3O_8 per year providing that the average annual production, calculated using 2003 as the base year, does not exceed 18.7 million pounds. Therefore, if production in a given year falls below the target of 18.7 million pounds, Cameco may produce up to the annual maximum in subsequent years, until the shortfall is recovered. The amendment provides Cameco the opportunity to recover annual production shortfalls from 2003 onwards. A key benefit of this change is the ability to continue to operate the Key Lake mill even after the 18.7 million pound production target is achieved, avoiding the potential for restarts in cold winter temperatures. Cameco continues to plan for annual production of 18.7 million pounds (100% basis) for the next few years primarily based on the transition to new mining areas under the McArthur River mine plan and demonstrated historic capacity of the Key Lake mill.

Cameco has developed and implemented an action plan to modify Key Lake's effluent treatment process to reduce concentrations of molybdenum and selenium discharged into the environment. The CNSC operating licence includes a condition for the Key Lake mill to implement this action plan. Based upon work conducted in 2009, release of both metals to the environment is now controlled at reduced concentrations.

A revitalization assessment of the Key Lake mill was completed in the first part of 2008. Subsequently, detailed engineering commenced and further assessment of alternative options began. The revitalization plan includes upgrading circuits to new technology for simplified operation, increased nominal production capacity, and improved environmental performance. The first aspects of the plan involve construction of a new acid plant and oxygen plant. Engineering and project planning for these replacement plants was advanced in 2008 and construction of a new acid plant commenced in 2009.

There are two tailings management facilities at the Key Lake site. One is an above ground impoundment with tailings stored with compacted till embankments. This facility has not received tailings since 1996. Cameco is reviewing several decommissioning options regarding this facility. The other tailings management facility is located within the Deilmann pit (the "Deilmann TMF"), which was mined out in the 1990s. At present, tailings from processing McArthur River ore are deposited in the Deilmann TMF.

In February 2009, Cameco received regulatory approval for the deposition of tailings to a higher elevation in the Deilmann TMF. At current production rates, the approved capacity of the Deilmann TMF is now six years, assuming only minor storage capacity losses due to sloughing from the pit walls. Sloughing has occurred in the past, resulting in the loss of approved capacity. Significant sloughing would constrain McArthur River production.

Technical studies show that stabilizing and reducing water levels in the pit enhances the stability of the pitwalls, thereby reducing the risk of pitwall sloughing. In recent years, Cameco doubled dewatering treatment capacity, allowing Cameco to stabilize the water level in the pit, and has recently begun to reduce this water level.

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

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

There are five large rock stockpiles at the Key Lake site. Three of the stockpiles contain non-mineralized waste rock and two contain low-grade mineralized material. The latter are currently used to lower the grade of McArthur River ore to approximately 4% U_3O_8 before entering the milling circuit. The dilution of the high-grade ore serves three purposes: recovery of uranium from the low-grade material, reduced radiation exposures in the mill, and final disposal of the low- grade waste. The remaining non-mineralized waste rock stockpiles will require decommissioning upon site closure.

Decommissioning Key Lake and McArthur River

In 2003, Preliminary Decommissioning Plans ("PDPs") for both the Key Lake and McArthur River operations were prepared by Cameco and approved by both the CNSC and the SMOE. The estimated cost of implementing these PDPs and addressing known environmental liabilities are reflected in two other associated documents called preliminary decommissioning cost estimates ("PDCEs"). These documents were revised in 2008 in support of the federal licence renewal process. Financial assurances to cover the 2008 PDCEs for McArthur River and for Key Lake operations were posted with the SMOE in the form of irrevocable standby letters of credit. Based on the total estimated decommissioning costs presented and approved in these PDCEs, Cameco has increased the financial assurance posted with the province of Saskatchewan to $120.7 million and $36.1 million for decommissioning the Key Lake and McArthur River operations, respectively.

Production Forecast, Mine Life and Payback

Annual production from McArthur River is forecast at a rate of 18.7 million pounds of U_3O_8 per year until 2016, and declines thereafter until 2033. Cameco estimates that McArthur River will have a mine life of at least 24 years with an expected pay back of capital invested in 2010.

In 2009, 19.08 million pounds of U_3O_8 was produced by milling McArthur River ore at Key Lake (Cameco's share was 13.3 million pounds). Average mill metallurgical recovery for 2009 was 98.5%.

Sampling and Analysis

Surface drill hole locations at McArthur River are verified in the field by differential GPS or mine site surveyors. Holes are generally drilled on sections spaced at between 50 and 200 metres with 12 to 25 metres between holes on a section where necessary. Drilled depths averaged 670 metres. Vertical holes generally intersect mineralization at angles of 25 to 45 degrees, resulting in true widths being about 40% to 70% of the drilled width. Angled holes usually intercept the mineralized material perpendicularly, giving true width. All holes are radiometrically probed. A geologist examines the surface drill hole core in the field and determines and logs its overall characteristics including lithology, alteration, structure and mineralization. Any stratigraphy exhibiting noteworthy alteration, structures and radiometric anomalies are

sampled for assay. Specific basement sampling procedures were based on the length of the interval to be sampled, and attempts were made to avoid having samples cross lithological boundaries. In addition, all core with radioactivity greater than 1000 counts per second is split and sampled for assay.

Detailed delineation drilling has been performed from underground drill bays over a strike length of 750 metres in the southern portion of the McArthur River deposit. Underground development has begun on the northern portion of the deposit, which will allow for future delineation drilling. Drilling is done from 30 metre spaced drilled stations with three fans of holes from each station and provides coverage of about 10 metres across the deposit which is considered to be adequate for mineral resource estimation. Underground drill samples are rarely analyzed because each hole is gamma logged with a downhole radiometric probe. The drill hole fans provide representative access for the gamma probes across the entire deposit. Radiometric probing is performed at 0.1 metre spacing in the radioactive zones and 0.5 metre spacing in unmineralized zones.

For surface drill holes, all uranium grade data is obtained from assaying core. Core recovery is generally considered excellent with local exceptions. The sample quality and representativeness of the surface drill holes is adequate for mineral resource estimation and mine planning. This has been validated on a number of occasions with underground drilling results in the vicinity of mineralized intervals drilled from the surface.

For underground drill holes, a small portion of the assay data used for mineral resource estimation is generated by assaying core to ascertain the U_3O_8 content past the probe limit of a hole or to provide correlation samples to compare against a probed interval. In these circumstances, the core is logged, photographed and then sampled for uranium analysis. The entire interval is sampled rather than splitting the core. This provides very high-quality samples in these areas. Core recovery in these areas can be excellent to poor. The sample quality and representativeness of the underground drill holes is adequate for mineral resource estimation and mine planning.

The following information is recorded for each sample: (a) hole number, date and name; (b) sample number; (c) from and to intervals and length; (d) recovered length; (e) SPP2 range of radioactivity; (f) weight; (g) core diameter; and (h) rock type, alteration, and mineralization. The sample number is written on a plastic bag and the sample is placed within. The bags are placed in a metal or plastic shipping drum, scanned by the radiation department and shipped to the Saskatchewan Research Council (“SRC”) in Saskatoon for analysis in accordance with the Transportation of Dangerous Goods regulations.

Sample information is verified by SRC personnel and samples are sorted according to radioactivity level. All samples are dried and further crushed and ground in secure radioactive facilities or in the main laboratory if determined to have minimal radioactivity. Samples are diluted and undergo ICP-OES analysis. A quality control sample is prepared and analyzed with each batch of samples. One of every 40 samples is analyzed in duplicate.

A number of quality control measures and data verification procedures are taken. Surveyed drill hole collar coordinates and hole deviations are entered in the database, displayed in plan views and sections and visually compared to the planned location of the holes. Core logging information is visually validated on plan views and sections and verified against photographs of the core or the core itself. Downhole radiometric probing results are compared with radioactivity measurements made on the core and drilling depth measurements. The uranium grade based on radiometric probing is validated with sample assay results when available. Comparisons of the information in the database against the original data are done, namely paper logs, deviation survey films, assay certificates and original probing data files. Since 2000, information collected from production activities, such as freeze holes, raise bore pilot hole probing, radiometric scanning of scooptram buckets and mill feed sampling, have been regularly compared to the drill hole data.

Quality assurance/quality control for underground drill hole information is focused on quality probing results. This is ensured by checks of the calibration of probes prior to use, by visually monitoring the radiometric measurements and by duplicating probe runs on occasions. Additional quality control is obtained through comparisons of the probing results with the core measurements and by visual inspection of the radiometric profile of each hole by an experienced geologist at the mine site or in Saskatoon. Reconciliation of the model to production is a very good indicator that grades estimated in the block model accurately reflect the mined grades.

Cameco employs a data and quality assurance coordinator ("DQAC") who is responsible for reviewing the quality of geochemical data received from laboratory contractors. The DQAC reviews the analyses provided by the lab using the results of standard reference materials as a benchmark. The DQAC together with project geologists determine whether reassaying should be completed.

Security of Samples

All samples collected from McArthur River for determining uranium content by chemical analysis are prepared and analyzed under close supervision of a qualified geoscientist at the SRC which is a restricted access laboratory licensed by the CNSC for possession, transfer, import, export, use and storage of designation nuclear substances. Sample security is largely defined by regulation and all samples are stored and shipped in compliance with regulations. Tampering of samples is considered unlikely because of the high grades and the fact that core is scanned immediately after it is received at a sample preparation laboratory and grade is estimated at that point.

McArthur River Resource and Reserve Estimates

The mineral reserve and resource estimates for McArthur River are found below at *The Nuclear Business — Uranium Concentrates Business — Reserves and Resources*. The key assumptions, parameters and methods used in making these estimates are:

1. Key Assumptions

(a) Uranium mineralization is continuous in quality and quantity between sampled areas.

(b) Water control measures, including freezewalls, are effective at preventing water inflow.

(c) The reported mineral reserves include appropriate provisions for dilution or mining recovery. Mineral reserves have been estimated with an average allowance of 20% dilution and a 95% mining recovery. The reported mineral resources do not include allowances for dilution and mining recovery.

(d) Mineral reserves are recoverable by the current raise bore mining method and the planned mining methods of boxhole boring and blasthole stoping.

(e) Diamond drilling, ground support systems, and mining plans mitigates the risks associated with potentially adverse ground conditions.

(f) Radiation protection measures in place continue to be effective.

(g) An average uranium price of $54 (US) per pound U_3O_8 was used to estimate the mineral reserves.

(h) No known environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues are expected to materially affect the mineral resource and mineral reserve estimates.

2. Key Parameters

(a) The geological model employed for McArthur River involves geological interpretations on section and plan derived from surface and underground drill hole information.

(b) For mineral resources estimated from surface drill holes, the uranium grade is determined from assay sample. For mineral resources and mineral reserves estimated from underground drill holes, grades were obtained from radiometric probing converted to percentage U_3O_8 on the basis of a correlation between radiometric counts and assay values.

(c) Densities were determined from regression formulas based on density measurements of drill core and chemical assay grades.

(d) Limits and continuity of the mineralization are structurally controlled.

(e) Mineral reserves have been estimated at a cut-off grade of 0.8% U_3O_8.

(f) Mineral resources have been estimated at a minimum mineralized thickness of 1.0 metre and at cutoff grade of 0.1% to 0.5% U_3O_8.

(g) Mineral reserves at McArthur River were estimated based on the use of the raisebore, boxhole and blasthole stoping methods combined with freeze curtains. All material extracted by mining is radiometrically scanned for grade and that which is greater than 0.8% U_3O_8 is treated as ore and is fed to an initial processing circuit located underground consisting of grinding to produce an ore slurry which is hoisted hydraulically by pumps to surface. On surface the ore slurry is transported to the Key Lake mill for final processing and production of uranium. The mining rate is planned to vary between 110 and 130 tonnes per day at a full mill production rate of 18.7 million pounds U_3O_8 per year based on 98.4% mill recovery.

(h) The key economic parameters underlying the mineral reserves include a conversion from US dollars to Cdn dollars using a fixed exchange rate of US$1.00 = Cdn$1.05 (reflecting the exchange rate at December 31, 2009).

3. Key Methods

(a) Mineral resources, based on pre-1993 surface drilling, were estimated using the two-dimensional cross-sectional method on vertical sections at 50 metre or 100 metre spacing using Autodesk Generic CADD software.

(b) Mineral resources for Zones A and B, where additional holes were drilled from the surface since 2004, were estimated using 3-dimensional block models. Three-dimensional wire frame models were created from the geological interpretation of mineralization outlines using lithology, structure and uranium grade information interpreted on 25 or 50 metre spacing vertical cross-sections and plan views. Estimates of the grade and density of blocks of 5 metre x 10 metre x 2 metre were obtained from inverse squared distance method.

(c) Mineral resources and mineral reserves delineated by underground drill holes were estimated using 3-dimensional block models. Three-dimensional wire frame models were created from digitized mineralization boundaries interpreted on 10 metre spacing vertical cross-sections and plan views. Estimates of the grade and density of blocks of 1 metre x 5 metre x 1 metre were obtained from ordinary kriging or inverse squared distance method.

(d) Mineral reserves are defined as the economically mineable part of the indicated and measured mineral resources. Only mineral reserves have demonstrated economic viability. The amount of reported mineral resources does not include amounts identified as mineral reserves.

(e) Inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category.

There are numerous uncertainties inherent in estimating mineral reserves and resources. The reliability of any mineral reserve and resource estimation is a function of the quality of available data and of engineering and geological interpretation and judgment. Results from drilling, testing and production, as well as material changes in uranium prices, subsequent to the date of the estimate, may justify revision of such estimates.

Inkai

Property Description and Location

Cameco's Inkai operation is located in the Central Asian Republic of Kazakhstan. Inkai comprises three contiguous licence blocks: two production areas (Blocks 1 and 2) and one exploration area (Block 3). Licence Series AY 1370D, dated April 20, 1999, is for extraction of uranium in the area defined as Block 1 (about 16.6 square kilometres). Licence Series AY 1371D, dated April 20, 1999, is for exploration and further mining in the areas designated as Blocks 2 (about 230 square kilometres) and 3 (about 240 square kilometres). JV Inkai's mineral reserves and resources are located on Blocks 1 and 2. Block 3 is currently being drilled in order to estimate its mineral resources. The main processing plant is located on Block 1 and a satellite plant is located on Block 2. Additionally, at the Block 1 mine site there is an administrative office, shops, garage, laboratory, emergency response building, low-level radioactive waste and domestic landfills, engineering, and construction offices. In Block 2 there is an office, small shops, and a food services facility. At site, there is also a camp for 400 employees with catering and leisure facilities.

JV Inkai owns and operates Inkai. JV Inkai is owned by Cameco (60%) and JSC KazAtomProm (40%). JSC KazAtomProm is a Kazakh Joint Stock Company owned by the Republic of Kazakhstan ("KazAtomProm").

At December 31, 2009, the Company's share of proven and probable mineral reserves was 53,686,000 tonnes of ore containing 80.9 million pounds U_3O_8 with an average grade of 0.07% U_3O_8; its share of measured and indicated mineral resources was 7,975,000 tonnes of ore containing 13.1 million pounds U_3O_8 with an average grade of 0.07% U_3O_8; and its share of inferred mineral resources was 152,818,000 tonnes of ore containing 153 million pounds U_3O_8 at an average grade of 0.05% U_3O_8.

A technical report on Inkai mine entitled "Inkai Operation, South Kazakhstan Oblast, Republic of Kazakhstan", dated March 31, 2010 with an effective date of December 31, 2009, (the "Inkai Report"), has been prepared for Cameco in accordance with NI 43-101 under the supervision of Alain G. Mainville, P. Geo., and Charles J. Foldenauer, P. Eng., each of whom is a "qualified person", but not independent of Cameco within the meaning of NI 43-101. The following description of the Inkai operation is based on the Inkai Report. A copy of the Inkai Report is available electronically on SEDAR at sedar.com or on EDGAR at sec.gov. Conclusions, projections and estimates set out in this Annual Information Form regarding Inkai are subject to the qualifications, assumptions and exclusions that are detailed in the Inkai Report. To fully understand the summary information set out below and elsewhere in this Annual Information Form, the Inkai Report filed on SEDAR or EDGAR should be read in its entirety.

The Resource Use Contract

In April 1999, JV Inkai received from the government of Kazakhstan a mining licence for Block 1 and an exploration licence for Blocks 2 & 3. The licence for Block 1 expires in 2024. The associated subsoil use contract (the "Resource Use Contract"), covering both licences, was signed by the Republic of Kazakhstan and JV Inkai in July, 2000.

In 2007, Amendment No.1 to the Resource Use Contract was signed to extend the period for exploration at Blocks 2 and 3.

In 2008, JV Inkai received an initial approval for the mining licence for Block 2 to replace its exploration licence. Final approval was received in 2009 when Amendment No.2 to the Resource Use Contract was signed by JV Inkai and the Kazakhstan Ministry of Energy and Mineral Resources ("MEMR"). (Until March 12, 2010, the MEMR was the ministry designated as the "Competent Authority" under the Subsoil Law (defined below). The current Competent Authority is the Ministry of Industry and New Technologies.) The mining licence for Block 2 expires in 2030.

Amendment No. 2 to the Resource Use Contract was signed to: (i) extend the exploration period for Block 3 until July 13, 2010; (ii) provide final approval for mining at Block 2; (iii) combine Blocks 1 and 2 for mining and reporting purposes; (iv) adopt the new tax code that took effect January 1, 2009; (v) reflect current Kazakh legal and policy requirements for subsoil users like JV Inkai to procure goods, works and services under certain prescribed procedures and foster greater local content; and (vi) prescribe certain percentages of Kazakh employment by JV Inkai (100% of workers; at least 70% of the engineering and construction staff; and at least 60% of the management staff must be Kazakh; all measured over the life of the Resource Use Contract).

In February 2010 JV Inkai filed an application with the MEMR declaring it had made a potential commercial discovery in Block 3 that requires further assessment of commercial viability. JV Inkai also requested the MEMR approve an extension of its Block 3 licence for five years, the period required for an appraisal of a potential commercial discovery under the Subsoil Law. Without this approval, JV Inkai's rights to Block 3 will expire on July 13, 2010.

Under the Subsoil Law, JV Inkai holds its rights to Blocks 1, 2 and 3 on the basis of the licences it received for those Blocks and the Resource Use Contract. JV Inkai also has obligations under those licences and the Resource Use Contract which it must comply with in order to maintain its rights to Blocks 1, 2 and 3.

Work Programs

In addition to following its obligations under its licences and the Resource Use Contract, JV Inkai, like all subsoil users, is required to abide by the work program appended to its Resource Use Contract, which relates to mining operations over the life of the mine (the "Work Program"), as well as the annual work programs which it must submit to the Competent Authority for approval each year. Such annual work programs cover, *inter alia*, the introduction of new technologies or processes and define the levels of production volumes anticipated by the subsoil user in the coming year.

Any changes in the Work Program or in annual work programs require an application to be made to the Competent Authority, generally supported by a technical study and corporate approvals of the subsoil user approving the requested changes.

Procurement Requirements

Under Kazakhstan law, all subsoil users, including JV Inkai, must procure goods, works and services for subsoil use operations under prescribed statutory procedures.

In particular, subsoil users are required no later than 30 calendar days from the date of approval of an annual work program, to approve an annual procurement program for the following year. JV Inkai has approved annual procurement programs for 2009 and 2010.

Local Content Requirements

Since 2002, Kazakhstan has implemented a policy aimed at replacing imports, and fostering greater involvement, support and stimulation of local producers (the "Local Content Policy").

Under the Local Content Policy, subsoil users are obliged to purchase local goods, works and services ("GWS") in such percentages as may be specified in their subsoil use contracts. The Resource Use Contract obligates JV Inkai to use GWS unless specifically approved to the contrary by the applicable regulatory authorities. As a result, at least 40% of the cost of equipment and materials must be for equipment and materials purchased of Kazakh origin and 90% of the contract work must be of Kazakh origin.

Environmental Requirements

JV Inkai's mining activities must comply with the environmental requirements of Kazakhstan legislation and regulations. In addition, in the Resource Use Contract, JV Inkai has committed to conduct its operations in accordance with good international mining practices.

The environmental protection legislation in Kazakhstan has evolved rapidly, especially in recent years. As the subsoil use sector has evolved, there is presently a trend towards greater regulation, heightened enforcement and increased liability for non-compliance with respect to environmental issues. The most significant development was the adoption of the Ecological Code dated January 9, 2007 (and effective from February 3, 2007), which replaced the three main prior laws on environmental protection.

Both under the prior and the existing legislative regime, a subsoil user, such as JV Inkai, is obliged to comply with environmental requirements during all stages of the subsoil use project. Kazakhstan environmental legislation requires that a State environmental expert examination precede the making of any legal, organisational and economic decisions with respect to an operation that could impact the environment and public health. The principal document that the subsoil user must provide in connection with the State environmental expert examination is an environmental impact assessment.

The Ecological Code requires that a subsoil user obtain environmental permits to conduct its operations. A permit certifies the holder's right to discharge emissions into the environment, provided that it introduces the "best available technologies" and complies with specific technical guidelines for the emissions set forth by the environmental legislation. Government authorities and the courts enforce compliance with these permits, and violations may result in civil or criminal penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and orders to take preventative steps against possible future violations. In certain situations, the issuing authority may modify, renew or revoke the permits. JV Inkai has applied for and received a permit for environmental emissions valid until December 2010 and emissions permit(s) for drilling activities valid until December, 2012. Also, JV Inkai holds valid permits under the Water Code.

As an industrial company, JV Inkai is also required to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources. It must also submit annual reports on pollution levels to the Kazakhstan environmental, tax and statistics authorities. The authorities conduct tests to validate JV Inkai's results.

The Ecological Code and the Resource Use Contract set out requirements with respect to environmental insurance. Legal entities carrying out environmentally hazardous activities are required to obtain insurance to cover these activities, in addition to the civil liability insurance which must be held by owners of facilities the activities of which may cause harm to third parties. JV Inkai currently maintains both the required environmental insurance and the civil liability insurance.

Inkai is subject to decommissioning liabilities which are largely defined by the terms of the Resource Use Contract. JV Inkai has established a separate bank account and has made the required contributions to the account as security for decommissioning Inkai. Contributions are set as a fraction of gross revenue and are capped at $500,000 (US). The account has been fully funded by JV Inkai in this amount.

Under Republic of Kazakhstan regulations, JV Inkai must submit a documented plan for decommissioning the mining facility to the government six months before completion of mining activities. A preliminary decommissioning plan has been established for the purposes of estimating total decommissioning costs. The decommissioning plan considers the issues and costs under a "decommission now" scenario. The plan is updated every five years, or as significant changes take place at the operation which would affect the decommissioning estimates.

No active restoration of post-mining groundwater is done in Kazakhstan. Natural attenuation of ion constituents as a passive form of groundwater restoration is determined to be sufficient.

Recently, the Parliament of Kazakhstan ratified the country's accession to the United Nations Framework Convention on Climate Changes ("Kyoto Protocol"). Based on its current operations, JV Inkai may incur additional capital expenditures to ensure compliance with the Kyoto Protocol; however, JV Inkai believes that the costs of such compliance would not be material.

Other Licences

JV Inkai holds the following additional material licences with regard to its mining activities:

"Licence for performance of works connected with stages of life cycle of objects of use of atomic energy", issued on January 18, 2010, by the Committee of Atomic Energy of the MEMR;

"Licence for operation of mining production and mineral raw material processing", issued on December 23, 2009, by the Committee of State Energy Supervision of the MEMR;

"Licence for transportation of radioactive substances within the territory of the Republic of Kazakhstan", issued on November 18, 2008, by the Committee of Atomic Energy of the MEMR; and

"Licence for dealing with radioactive substances" issued on August 29, 2008, by the Committee of Atomic Energy of the MEMR.

These licences are currently in force and are of indefinite term.

Taxation

The Resource Use Contract lists the taxes, duties, fees, royalties and other governmental charges that are payable by JV Inkai.

However, on January 1, 2009 a new Tax Code of the Republic of Kazakhstan (the "Tax Code") took effect. Pursuant to this law, a number of changes have been introduced to the taxation regime of subsoil users.

The most significant changes to the tax regime previously applicable to the Resource Use Contract now introduced by the Tax Code are:

- The abolition of the stabilization of tax regimes provided by subsoil use contracts. Prior to the October 2009 amendment, the Resource Use Contract contained a tax stabilization provision. At the request of the MEMR, in October 2009 JV Inkai signed an amendment to the Resource Use Contract to adopt the Tax Code, which included elimination of the Resource Use Contract's tax stabilization provision. Cameco does not expect that the Tax Code will have a material impact on JV Inkai at this time; however, elimination of the tax stabilization provision could be material in the future.
- The rate of the corporate income tax on aggregate income was set at 20% during the period January 1, 2009 to January 1, 2010; 17.5% during the period January 1, 2010 to January 1, 2011; and 15% commencing January 1, 2014. However, these rates have been suspended until 2014, with the government setting the corporate income tax rate at 20%. In 2007, JV Inkai became subject to income tax. As such, this 20% income tax rate is now the corporate income tax rate to which JV Inkai is subject. Under the Resource Use Contract the corporate income tax rate was 30%.
- The Tax Code has replaced the previous royalty regime with a new tax — the Tax on Production of Useful Minerals, a mineral extraction tax ("MET"). MET must be paid on each type of mineral and certain other substances extracted. Under the prior law, JV Inkai would pay royalties, calculated on a graduated scale, based on the sales price of production in each year.

- Under the Resource Use Contract, a one-time payment of a commercial discovery bonus is payable when confirmation is received of Kazakh-defined recoverable reserves located in a particular licence area. Under the Tax Code the rate for future commercial discoveries is increased to 0.1% of the value of Kazakh-defined recoverable reserves. Previously, the bonus was calculated as 0.05% of the value of Kazakh-defined recoverable reserves. JV Inkai paid a bonus of $14 million (US) in 2008 in relation to reserves at Block 2.
- The Tax Code changes the calculation of excess profits tax from that contained in the Resource Use Contract. However, JV Inkai is currently of the view that it will not be liable to pay any excess profits tax for the foreseeable future.

Pre-emptive Rights

The amendments to the Subsoil Law of December 2004 and October 2005, provide the Republic of Kazakhstan with a pre-emptive right to acquire subsurface use rights and equity interests in entities holding subsoil use rights and in any entity which may directly or indirectly determine or exert influence on decisions made by a subsoil user, if the main activity of such entity is related to subsoil use in Kazakhstan, when such entity wishes to transfer such rights or interests. This pre-emptive right permits the Republic of Kazakhstan to purchase any such subsoil use rights or equity interests being offered for transfer on terms no less favourable than those offered by other purchasers. The Competent Authority has the right to terminate a subsoil contract if a transaction takes place in breach of this law. According to the Subsoil Law requirements, these provisions apply both to Kazakhstan and overseas entities, including publicly traded companies.

Also, Article 14 of the Subsoil Law requires that assignments and transfers of subsoil use rights may be made only with the prior consent of the Competent Authority. During its tenure as the designated Competent Authority, MEMR has customarily interpreted this requirement very widely to include any alienation of rights, including, for example, in bankruptcy or by merger or amalgamation.

On August 19, 2009, a Governmental Resolution “On Determination of the List of Subsoil (Deposit) Areas having Strategic Importance” came into force whereby 231 blocks, including all three of JV Inkai’s Blocks, were prescribed as strategic deposits.

Under the Subsoil Law “if a subsoil user’s actions in the performance of subsoil use operations with respect to strategic deposits result in a significant adverse change to the economic interests of Kazakhstan, which create a threat to national security, the Competent Authority is entitled to require an amendment to the contract for the purpose of restoring the economic interests of Kazakhstan”. The Subsoil Law prescribes strict deadlines for the parties to negotiate and execute any such required amendments.

The Subsoil Law also allows the Competent Authority with the consent of the State to unilaterally refuse to perform its obligations under a contract if it determines that the subsoil use operations conducted thereunder will result in a material adverse change in the economic interests of Kazakhstan, which create a threat to national security. In such circumstances, the Competent Authority must provide not less than 2 months prior notice of such refusal. Under this provision, the Competent Authority also has the right to unilaterally terminate a contract without having to comply with the civil law provisions requiring a party to apply to a court or arbitration panel for termination.

The stated basis for exercise by the Competent Authority of any of the aforesaid powers is a “significant change in the economic interests of the State”, but so far no clear definition of “significant change” and “economic interests” have been developed under Kazakhstan Law.

2007 MOU

A non-binding memorandum of understanding (“MOU”) signed between Cameco and KazAtomProm in May 2007 targets an increase in the total annual production capacity from Inkai to 10.4 million pounds on a

timeframe yet to be confirmed. While the existing ownership would not change, Cameco's share of the additional capacity under the MOU would be 50%, raising Cameco's expected share of the future annual production at Inkai to 5.7 million pounds if the 10.4 million pound production target is achieved. A binding agreement to finalize the terms of the MOU and various government approvals will be required to implement this production increase. This MOU also contemplates studying the feasibility of constructing a uranium conversion facility as well as considering other collaborations in uranium conversion. Cameco is currently in discussions with KazAtomProm regarding these initiatives.

Kazakh Government and Legislation

Kazakhstan is organized as a constitutional republic, with a President as its elected head of state, a prime minister appointed by the President as its head of government and a bicameral parliament, consisting of the Majilis (lower house) and the Senate (upper house). The country is divided into 14 oblasts and two municipal districts, representing its financial centre, Almaty, and its capital, Astana, each headed by a governor known as an Akim.

The governmental and political systems in Kazakhstan have been quite stable since independence, although popular elections and democratic freedoms in the country have fallen short of international standards. The government is characterized by a strong presidency, the powers of which have been expanded by successive constitutional referendums. The current President, Nursultan Nazarbayev, has served in that capacity since independence. He was last re-elected to the post in December 2005 for his current 7-year term (with respect to future elections, the term of the President's mandate has been shortened to 5 years). The parliament is dominated by the Nur Otan party, which is headed by President Nazarbayev.

Kazakhstan's legal system is based on European-style codes, which are supported and supplemented by ancillary legislation. Most legal relations are governed by the Civil Code of the Republic of Kazakhstan. The Civil Code broadly recognises, *inter alia*, the rights of foreign companies and citizens to enter into transactions and to own property in Kazakhstan. These rights are established in the Constitution and may be limited only by those restrictions set forth in the legislation of Kazakhstan.

The principal legislation governing subsoil exploration and mining activity in Kazakhstan is the Law on the Subsoil and Subsoil Use, dated January 27, 1996, as amended (the "Subsoil Law"). This law defines the framework and the procedures connected with the granting of subsoil rights, and the regulation of the activities of subsoil users. The subsoil, including mineral resources in their underground state, are state property, while resources brought to the surface belong to the subsoil user, unless otherwise provided by contract.

In August 1999 the Subsoil Law was amended. Based upon the provisions of the August 1999 amendments, Cameco believes licences held by JV Inkai are governed by the version of the Subsoil Law in effect at the time of their issuance in April, 1999.

Subsoil rights become effective upon conclusion of a contract with the Competent Authority. Pursuant to the Subsoil Law, the subsoil user is accorded, *inter alia*, the exclusive right to conduct mining operations; to erect production and social facilities; to freely dispose of its share of production; and to conduct negotiations for extension of the contract.

Currently, the Parliament of the Republic of Kazakhstan is considering a draft Subsoil Law (the "Draft Subsoil Law"). The Draft Subsoil Law, if enacted in its proposed form, will introduce significant changes in terms of the regulation of the activities of subsoil users.

The current Subsoil Law contains a stabilization clause, Article 71, which provides that amendments and changes in legislation that worsen the position of the subsoil user shall not apply to subsoil use contracts concluded prior to the introduction of such amendments and changes. The guarantees expressly do not extend to amendments and changes to legislation in the sphere of defense, national security, environmental protection and health. The government has gradually weakened this stabilization guarantee, particularly in

relation to new projects, and the national security exception is applied broadly to encompass security over strategic national resources. The Draft Subsoil Law retains the stabilization clause, however, it expands the list of exceptions to the guarantee of stability by adding taxation and customs regulation. Amendment No. 2 to the Resource Use Contract eliminated its tax stabilization provision with respect to JV Inkai.

The dispute resolution procedure set forth in the Draft Subsoil Law does not permit exclusive submission of a dispute for resolution by international arbitration. Instead it provides that if the disputes related to the performance, amendment or termination of a subsoil use contract cannot be resolved by means of negotiations, the parties may submit the dispute for resolution to a court in accordance with the laws of Kazakhstan. JV Inkai's Resource Use Contract provides for international arbitration. The Draft Subsoil Law does not address which of these conflicting provisions will prevail.

The Draft Subsoil Law does not change the existing provisions regarding the State's pre-emptive right as discussed in *Pre-emptive Rights*; however, it provides for certain additional exemptions which include: (i) the transfer of shares or other securities which are traded on an organized securities market and are issued by a subsoil user legal entity if such legal entity's core activities relate to subsoil use in the Republic of Kazakhstan; and (ii) the transfer, in full or in part, of the subsoil use right between legal entities in which not less than 99% in the participatory interest (shareholding) is owned by one entity. An initial placement of shares in a subsoil user would still be subject to obtaining a waiver of the State's pre-emptive rights.

The Draft Subsoil Law also establishes a procedure (previously unspecified), to be followed when seeking a waiver of the Kazakhstan Government's pre-emptive right, as well as a non-exhaustive list of documents required for submission to the Competent Authority in this regard.

The current Subsoil Law provides for a judicial procedure for setting aside termination or renewal of a subsoil use contract in applicable circumstances. Under the Draft Subsoil Law, the Competent Authority has the power to renew a subsoil use contract that was earlier terminated by the Competent Authority without the need for recourse to the courts, provided an application for renewal is made within 6 months of the termination and the Competent Authority believes that the decision to terminate the contract was made on the basis of inaccurate or unreliable information or the failure to perform or duly perform contractual obligations due to force-majeure circumstances.

The Draft Subsoil Law does not contemplate the concept of combined subsoil use contracts for both production and exploration. Since the Resource Use Contract is a combined contract for exploration and production of uranium, there may be a risk that the State may require JV Inkai to negotiate a new production contract to replace its existing combined exploration and production contract.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Republic of Kazakhstan is a vast country of 15.2 million people, situated in the centre of the Eurasian land mass. Kazakhstan borders Russia, Uzbekistan, China, Kyrgyzstan and Turkmenistan.

The Inkai operation is located in the Suzak District of South Kazakh Oblast, Kazakhstan near the small town of Taikonur, approximately 370 km north of the city of Shymkent and approximately 125 km east of the city of Kyzl-Orda. The road to Taikonur is currently the primary access road for transportation of people, supplies and uranium product for the mine. The road is constructed of gravel and crosses the Karatau Mountains. Railroad transportation is available from Almaty to Shymkent then northwest to Shieli, Kyzl-Orda and beyond. A line also runs from the town of Dzhambul to KazAtomProm's Centralia facility to the south of Taikonur.

Inkai lies in the Betpak Dala Desert, which is characterised by an arid climate with minimal precipitation and relatively high evaporation. The average precipitation varies from 130 to 140 mm/y with snow accounting for 22 to 40% of this amount. The region is also characterized by strong and almost uninterrupted winds. The prevailing direction of the wind is north-east averaging 3.8 to 4.6 m/sec. Dust

storms are common. Major hydrographic systems in the area include the Shu, Sarysu and Boktykaryn Rivers.

Site operations are carried out throughout the year despite cold winter (lows of -35°C) and hot summer (highs of +40°C) conditions.

The surface elevation at Inkai ranges from 140 to 300 m above mean sea level. The Inkai deposit is sub-divided into two morphologically diverse regions: the Sandy-brackish intercontinental deltas of Shu and Sarysu rivers; and the Betpak Dala plateau.

Currently, Taikonur has a population of about 450 people who are mainly employed in uranium development and exploration. Whenever possible, JV Inkai hires personnel from Taikonur and surrounding villages. The town has a school, medical clinic and small store. Most of the food is purchased in Shymkent or Shieli.

Inkai is a developed mineral property with sufficient surface rights to meet future mining operation needs for the current mineral reserves. It obtains its electrical supply from the Kazakh power grid. JV Inkai has access to sufficient water for all of its planned industrial activities from groundwater wells. Potable water for use at camp is supplied from shallow wells on site. There are low low-level radioactive waste and domestic landfills.

Project History

There were several changes in ownership of participating interests in JV Inkai in the late 1990's. The current participants and their participating interests are Cameco, with a 60% direct participating interest, and KazAtomProm, with a 40% direct participating interest.

JV Inkai was first registered by the Kazakhstan Ministry of Justice on March 21, 1996, under registration number 1032-1900-TOO (YO) as a Kazakh-German-Canadian joint venture, established by and among Cameco, Uranerzbergbau-GmbH and National Joint Stock Company Atomic Power Engineering and Industry "KATEP" ("KATEP").

In 1997 KazAtomProm was established. Consequent upon Presidential Decrees of July 14 and July 22, 1997, and a subsequent agreement between KATEP and KazAtomProm of March 5, 1998, all of KATEP's participating interest in JV Inkai was transferred to KazAtomProm.

On August 11, 1998, pursuant to an Acquisition Agreement between Uranerzbergbau-GmbH, Cameco and Cameco Resources (US) Inc., Cameco acquired all of the participatory interest of Uranerzbergbau-GmbH in JV Inkai. As the result of such acquisition, Cameco became the owner of a 66 2/3% participatory interest in JV Inkai.

On November 20, 1998, Cameco agreed to transfer a 6 2/3% participatory interest in JV Inkai to KazAtomProm, which resulted in Cameco holding, in total, a 60% participating interest in JV Inkai. Thereafter, JV Inkai was re-registered by the Kazakhstan Ministry of Justice on December 7, 1998, under registration number 9783-1958-TOO (I/U) (business identification number 960340001136).

The Inkai deposit was discovered in 1976-78 by crew GPC-27 of Volkovskaya Expedition. Exploration drilling progressed until 1996. All historic exploration and delineation drilling within Blocks 2 and 3 was carried out in 1980-90s, prior to JV Inkai obtaining its licences for the property. (See section 6.2 of the Inkai Report for more information.)

Regional and local hydrogeology studies were completed on the Inkai mine dating back to 1979. Numerous borehole tests characterize the four aquifers within the Inkai deposit: the Uvanas, Zhalpak, Inkuduk and Mynkuduk.

The Kazakh-approved estimates of uranium reserves for Block 1 as at November 1993 and for Block 2 as at February 1996 are given in Tables 6-1 and 6-2 of the Inkai Report. Cameco does not consider these estimates as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI 43-101 as they are not classified in accordance with the categories set out in NI 43-101.

A pilot test was performed in the northeast area of Block 1 starting in December 1988. The test lasted for 495 days and recovered approximately 92,900 pounds U_3O_8 of the uranium in situ. This test was a technical success in achieving a high uranium recovery rate from a test area in a relatively short time frame.

Geological Setting

The geology of south-central Kazakhstan is comprised of a large relatively flat basin of Cretaceous to Neogene age continental clastic sedimentary rocks. The Cretaceous-Cainozoic Chu-Sarysu basin extends for more than 1,000 km from the foothills of the Tien Shan Mountains located on the basin south and southeast sides, and merges into the flats of the Aral Sea depression to the northwest. The basin is up to 250 km wide, bordered by the Greater Karatau Mountains on the southwest and the Chuskoa uplift on the northeast. The basin is composed of gently dipping to nearly flat lying fluvial-derived unconsolidated sediments composed of inter-bedded sand, silt, and local clay horizons.

The Cretaceous-Cenozoic sediments host several stacked and relatively continuous, sinuous “roll-fronts”, or oxidation-reduction fronts hosted in the more porous and permeable sand and silt units. Several uranium deposits and active ISR uranium mines occur at these regional oxidation roll-fronts, developed along a regional system of superimposed mineralization fronts.

The Inkai deposit is hosted within the Iynkuduk and Mynkuduk Formations, which comprise feldspathic sandstones or sub-arkoses, typically containing 50% to 60% quartz and 10% to 15% feldspar. Clay content is in the range of 5% to 10%. The redox boundary can be readily recognised in core by a distinct colour change from gray on the reduced side to yellowish stains on the oxidized side, stemming from the oxidation of pyrite to limonite. In cross-section, the redox boundary is often “C” shaped forming the classic “roll-front”. The sands have a high horizontal permeability.

Exploration

No exploration activity has been conducted by JV Inkai at Blocks 1 and 2. Instead, historic data were processed and relied upon for JV Inkai mineral reserve and resource estimates.

As of the end of February 2010, the following activities have been carried out under the Licence Series AY 1371D (Blocks 2 and 3) of the Inkai mine:

1. $133.7 million (US) has been invested into the exploration and the development of mineral processing infrastructure during the pilot test mining period;

2. The Block 2 mineral reserves have been estimated and put on the Kazakh State balance sheet of mineral resources;

3. Exploration work continued at the northern flank (Block 3) of the Inkai deposit; the results of this work are as follows:

   a. 726 exploration drillholes have been drilled between 1999 and March 3, 2010; more than 6000 samples have been analyzed.

   b. Mineralization zones have been delineated and a significant increase in their extent (compared with the predecessors’ results) has been established in the more densely drilled south-western part of Block 3.

c. The additional drilling has allowed for tracing the presence of mineralization throughout the whole Block 3 with a greater degree of certainty.

d. In some areas, the density of exploration drilling performed will allow for the estimation of mineral resources in the inferred category later in 2010, once assay results are available.

General exploration oversight is performed by the Geological Department of JV Inkai, including strategic directions of the drilling program and management of contractors. Geological oversight is performed under contract by Expedition 7 of Volkovgeology based in Taikonur. It includes day-to-day directing and coordinating of drilling activities, control of the drilling quality, core recovery, surveying work, as well as geological logging, sampling and ongoing day-to-day data processing.

Drilling is performed by a number of contractors, supervised by Expedition 7 of Volkovgeology. They are: Volkovgeology, Joint Drilling, 2K and YuKSU. The number of drilling rigs actively drilling on Block 3 varied in the last eighteen months from two to over twenty, belonging to up to four different contractors. In early March 2010, there were three contractors with fifteen drilling rigs working on Block 3.

Based upon its 2003 and 2007 validation of Kazakh estimated uranium reserves for Blocks 1 and 2, Cameco considers the historic Kazakh exploration data adequate for reserve and resource estimation. See *Sampling and Analysis* below. The exploration data from JV Inkai's exploration program at Block 3 is reliable for reserve and resource estimation.

Mineralization

Seven mineralized zones have been identified on Blocks 1 and 2 of the Inkai operation, including three zones in the Mynkuduk horizon and four zones in the Inkuduk horizon. The bulk of the mineralization in Inkai Block 1 is contained in the Mynkuduk horizon, of Turonian age, that unconformably overlays Permian argillites. This horizon is at a depth of about 500m and consists of fine to medium sands with occasional layers of clay or silt. Above the Mynkuduk horizon, the lower part of the Inkuduk horizon is also locally mineralized. Mineralization in Block 2 is primarily contained in the Middle and Lower Inkuduk horizons between 350m to 420m below surface.

Mineralization comprises sooty pitchblende or nasturan (85%) and coffinite (15%). The pitchblende occurs as micron-sized globules and spherical aggregates while the coffinite occurs as small crystals. Both uranium minerals occur in pores on interstitial materials such as clay minerals, as films around and in cracks within sand grains, and as pseudomorphic replacements of rare organic matter, and are commonly associated with pyrite.

Drilling

Inkai's Block 1, 2 and 3 uranium deposits evaluation surveys were conducted by drilling vertical holes. Delineation of the deposits and their geological structural features were carried out by drilling on grid at prescribed density at 3.2 to 1.6km line spacing and 200 to 50m (3.2-1.6km x 200-50m) hole spacing. Increasing level of geological knowledge and confidence is obtained by further drilling at grids of 800-400 × 200-50m and 200-100 × 50-25m grid.

Vertical holes are drilled with a triangular drill bit for use in unconsolidated formations down to a certain depth and the rest of the hole is cored. A relatively large number of core holes are drilled, although the host rocks are relatively unconsolidated. At Inkai, approximately 30% of all exploration holes are cored through the entire mineralized interval and 70% core recovery is recommended. Radiometric probing, hole deviation, geophysical and hole diameter surveys are done by site crews and experienced contractors.

No new delineation drilling was carried out on Blocks 1 and 2 by JV Inkai; rather, the historic data were processed. The historical drilling at Inkai is 4898 holes, including 510 drilled on Block 3.

As the mineralized horizons lie practically horizontally and the drill holes are nearly vertical, the mineralized intercepts represent the true thickness of the mineralization.

As of the end of February 2010, 1236 holes have been drilled in Block 3, including 510 prior to 2006 and the 45 in 2006, and 681 in the 2008-2010 period drilled by JV Inkai.

Sampling and Analysis

Sampling of the mineralization is based on drilling on grids that progressively tighten with increasing levels of geological knowledge and confidence. The line spacing with drill hole spacing decrease as follows: 3.2 to 1.6km x 200-50m, 800-400m x 200-50m and 200-100m x 50-25.

Where core recoveries are better than 70%, and radioactivity is greater than 40 micro-roentgen per hour, core samples are taken at irregular intervals of 0.2m to 1.2m. Sample intervals are also differentiated by barren or low permeability material.

The average core sample length is 0.4m. The sampling is conducted sectionally from the half of core divided along its axis and cleared from the clay envelope. The split core is also tested for grainsize analysis and carbonate content following the same procedure. The procedures for each are set out in detail in the Inkai Report at sections 12 and 13.

Core recovery is generally considered to be acceptable given the unconsolidated state of the mineralized material. Resource estimates are based on gamma log results from probing drill holes. Core sample assays are composited for correlation purposes if core recovery was at least 70%.

Detailed sampling procedures guide the sampling interval within the mineralization. Since gamma probing of the drill holes is used for resource estimation, assays from core sampling are only used for correlation purposes.

A Cameco qualified person has witnessed core handling, logging and sampling at the Inkai mine and considers that the methodologies are very satisfactory and the results representative and reliable.

The data relevant to Block 1 of the Inkai deposit as well as some of the data relevant to Block 2 of the same deposit have been used to produce the “Report of the Expedition No 7 on the First Stage of the Detailed Prospecting of the Inkai Uranium Deposit for the Period 1979-1991” issued by Volkovgeology in 1991. This report consists of three volumes in Russian.

The information available to Cameco as of March 2003 was more than sufficient to allow for comprehensive data verification and for validating the historic Kazakh mineral resource and reserve estimate. All the 1,294 drill holes shown on the Volkovgeology cross sections were studied and coded.

All of the drill hole core that could be recovered (and according to the drill logs, this recovery was very good) was sampled and assayed for uranium and radium content. The location of each sample and the assay results were recorded on the drill hole log, referred to as a passport.

The exchange of digital drillhole information between JV Inkai and Cameco is very good. All of the drillhole information at Inkai is available for Cameco review.

The current database has been thoroughly validated a number of times by geologists with JV Inkai, Volkovgeology, the State Reserves Commission and Cameco geologists and is considered relevant and reliable. This is supported by the results of the leach tests on Block 2, by recent production, drilling results and exploration drilling in Block 3.

Security of Samples

With respect to historic Kazakh exploration on Blocks 1, 2 and 3, Cameco has been unable to locate the documentation on sample security at this time. However, based on the rigorous QA/QC used in other areas of sampling and on the strict regulations imposed by the Kazakhstan Government, Cameco believes that the security measures taken to store and ship samples were of the highest quality. In addition, JV Inkai's current security sampling measures meets this same high quality standard.

Mineral Resource and Mineral Reserve Estimates

The estimated mineral resources and reserves at the Inkai mine are located in Block 1 and Block 2. No mineral resources or reserves have been estimated for Block 3. The resource models follow the Kazakhstan "State Committee of Mineral Reserves ("GKZ")" guide and use the Grade-Thickness ("GT") estimation method on 2-dimensional blocks in plan. They were created by Volkovgeology, a subsidiary of KazAtomProm which is responsible for prospecting, exploration and development of uranium deposits in Kazakhstan. In 2003, Cameco performed a validation of the Kazakh reserves estimate for Block 1 and confirmed the estimated pounds of uranium to within 2.5% of the Kazakh estimate. The same Kazakh estimate was validated by an independent consulting firm in 2005. In 2007, Cameco and an independent consulting firm verified the Block 2 Kazakh indicated reserves estimate and obtained results in agreement with the Kazakh estimate. The Block 1 mineral reserve and resource estimates are based on 944 surface drillholes. The Block 2 mineral resource and reserve estimates are based 1052 drillholes.

Historic drilling pattern densities over Blocks 1 and 2 were sufficient to satisfy the Kazakhstani State Reserve Commission requirements in defining reserves in the C2, C1 and B categories within Block 1 and C2 and C1 categories within Block 2.

Cameco's reconciliation of the Kazakh classification system to the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") standard definitions are set out in Section 6.3 (Table 6-4) of the Inkai Report. In brief, Cameco considers that Kazakhstan's reserves categories B, C1 and C2 correspond respectively to NI 43-101 mineral resource categories of measured, indicated and inferred.

The mineral reserve and resource estimates for Inkai are found below at *Nuclear Business — Reserves and Resources*. The key assumptions, parameters and methods used in making these estimates are:

1. Key Assumptions

   (a) Blocks 1 and 2 mineral resources have been estimated and classified on the basis of sampling density, interpretation of geological and grade continuity and estimation confidence.

   (b) Dilution and mining loss are not relevant factors given the uranium extraction method of in situ recovery. The recovery obtained from the in situ leaching process is included in the metallurgical recovery.

   (c) In situ recovery rates are assumed to vary between 13,000 and 16,000 lbs U_3O_8 per day and a full mill production rate of 5.2 million lbs of U_3O_8 per year based on 80% recovery.

   (d) An average uranium price of $54 (US) per pound U_3O_8 was used to estimate the mineral reserves.

   (e) The mineral reserve estimates for the Inkai mine assume annual production of 5.2 million pounds of U_3O_8. JV Inkai has regulatory approval to produce 2.6 million pounds, and intends to increase production to 5.2 million pounds per year in 2011. Cameco expects JV Inkai will receive all permits and approvals required for this level of production and will seek regulatory approvals for an increase in production to 3.9 million pounds U_3O_8 per

year in 2010 and thereafter for a further increase to 5.2 million pounds U_3O_8 per year in 2011. The approval process for the initial production increase to 3.9 million pounds U_3O_8 per year is under way and has the support of KazAtomProm. Once the initial approval is received, the subsequent application for an increase to 5.2 million pounds U_3O_8 per year will be made. If JV Inkai does not receive approval to increase production, half of the mineral reserves will be re-categorized as mineral resources.

(f) Other than this possible permit issue, no known environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues are expected to materially affect the mineral resource and mineral reserve estimates for Inkai.

2. Key Parameters

(a) Grades (%U_3O_8) were obtained from downhole gamma radiometric probing of drillholes, checked against assay results and prompt-fission neutron probing results in order to account for desiquilibrium.

(b) An average density of 1.70 t/m3 was used, based historical and current sample measurements.

(c) A minimum grade-thickness of 0.130 m% U_3O_8.

3. Key Methods

(a) Mineral reserves were estimated based on the use of the in situ recovery mining method and yellowcake production at the Inkai mine.

(b) The geological interpretation of the ore body outlines was done on section and plan views derived from surface drill hole information.

(c) Mineral resources and mineral reserves were estimated with the GT (grade thickness) method using 2-dimensional block models.

(d) The estimated blocks are delimited within the same water-bearing horizons, taking into account local confining layers.

(e) Mineral reserves are defined as the economically mineable part of the indicated and measured resources. Only mineral reserves have demonstrated economic viability. Reported mineral resources do not include those amounts identified as mineral reserves.

(f) Inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category.

There are numerous uncertainties inherent in estimating mineral reserves and resources. The reliability of any mineral reserve and resource estimation is a function of the quality of available data and of engineering and geological interpretation and judgment. Results from drilling, testing and production, as well as material changes in uranium price, subsequent to the date of the estimate, may justify revision of such estimates.

Mining Operations

Mining at Inkai is based on the ISR process. JV Inkai utilizes a conventional well established ISR technology. As the result of extensive test work and operational experience, a very efficient process of uranium recovery was established. The process consists of the following major steps:

- Uranium in-situ leaching with sulphuric acid;
- Uranium recovery from solution with ion exchange resin;
- Precipitation of uranium with hydrogen peroxide;
- Product thickening, dewatering, and drying;
- Packaging of final product U_3O_8 (yellowcake).

Inkai is designed to produce a dry uranium product that meets the quality specifications of uranium refining and conversion facilities.

ISR uranium mining at Inkai requires large quantities of sulphuric acid due to the relatively high levels of carbonate in the ore bodies. The availability of sulphuric acid required for ISR mining was restricted due to a fire at one sulphuric acid plant in Kazakhstan in the third quarter of 2007 and delays in the start-up of a new plant. As a result, JV Inkai and other ISR operations in Kazakhstan were subject to reduced acid allotments. This shortage continued throughout 2008, though it was resolved by the end of that year. JV Inkai received sufficient supply during 2009 to acidify the well fields as planned. This was due, in part, to the increase in the number of supply sources from two to four. This increase in acid supply contributed to JV Inkai exceeding expected 2009 production.

Currently, supply of sulphuric acid is not a concern to JV Inkai and it is not expected to constrain production in the future. In Kazakhstan, a number of new sulphuric acid plants have commenced production and several more are planned. In addition, sulphuric acid can be sourced from Russia. Currently, JV Inkai has one supplier, who procures acid from three sources: two Kazakh and one Russian. Nevertheless, because of the 2007-2008 shortage of sulphuric acid that delayed Inkai mine production, JV Inkai continues to assess its supply of sulphuric acid and whether additional steps are required to further mitigate the risk of any potential supply shortage.

Based on the current mine plan to produce 5.2 million pounds U_3O_8 annually, the remaining capital costs, as of January 1, 2010, for JV Inkai are estimated to be $359.2 million (US), which includes $208.6 million (US) for wellfield development. Wellfield development costs are expected to gradually decline over the last five years of production.

Payback for JV Inkai, including all 2009 and prior costs, is estimated to be achieved during 2012 on an undiscounted, after-tax basis.

Based upon the current mineral reserves, the Inkai mine is expected to produce 107.9 million pounds U_3O_8 recovered by the mill. At the planned maximum annual production of 5.2 million lbs U_3O_8, there are more than enough mineral reserves to produce this quantity of uranium through the current term of each of JV Inkai's licences (2024 for Block 1 and 2030 for Block 2). The projected mine life is twenty one years.

There is a uranium sales contract between JV Inkai and a Cameco subsidiary for a portion of 2010 Inkai production. JV Inkai currently has no other forward-sales commitments for its uranium production.

Under Kazakhstan's transfer pricing law (effective January 1, 2009), product is purchased from JV Inkai based on the current uranium spot price.

Exploration and Development

In April 1999, JV Inkai received from the government of Kazakhstan a mining licence for Block 1 and an exploration licence for Blocks 2 & 3. The associated Resource Use Contract was signed by the government and JV Inkai in July 2000.

Test mining operations commenced in April 2002 at Block 2 and an expansion of the test mine was completed in 2006.

In September 2005, JV Inkai decided to proceed with an ISR commercial processing facility (now known as the main processing plant) at Inkai, located at Block 1, and thereafter construction commenced.

During the fourth quarter of 2008, commissioning of the front half of the main processing plant was completed and the processing of solutions from Block 1 was initiated.

In 2009, JV Inkai commissioned its main processing plant and started commissioning the first satellite plant. In February 2010, regulatory acceptance was received for the commissioning of the main processing plant.

The present Inkai mine facility consists of a main processing plant with an ion exchange (IX) annual capacity of 2.6 million pounds of U_3O_8, a product recovery drying and packaging facility with an annual capacity of 5.2 million pounds U_3O_8, and a satellite plant with an IX annual capacity of 2.6 million pounds of U_3O_8. The satellite plant produces uranium loaded ion exchange resin which is taken to the main processing plant for further processing. The current plan is for engineering design and construction to commence in 2011 for an additional satellite processing plant.

The exploration work conducted on the northern flank (Block 3) of the Inkai deposit resulted in identifying extensive zone of mineralization hosted by several horizons in the lower and middle parts of the Upper Cretaceous stratigraphic level and traced along approximately 25 kilometers from the Block 2 of the Inkai deposit in the southwest through to the Mynkuduk deposit in the northeast. The mineralization thus identified is a potential commercial discovery that requires further assessment of its commercial viability.

Under Kazakh law, JV Inkai has to make a potential commercial discovery to extend the licence for Block 3 beyond July 2010. To support this, JV Inkai is spending $31.3 million (US) on Block 3 in 2010 and filed in February 2010 an application with the MEMR declaring that it had made a potential commercial discovery in Block 3 that requires further assessment of commercial viability.

A Cameco subsidiary has agreed to provide loan funding, up to $370 million (US) to JV Inkai. Further funding may be required. As of December 31, 2009, the amount outstanding on the loan was $337 million (US), including accrued interest. Of the cash available for distribution each year, 80% is used to repay the loan until it is repaid in full.

Cameco has agreed to provide all funds required by JV Inkai in connection with work on Block 3 until completion of a feasibility study.

Rabbit Lake

Rabbit Lake, in northern Saskatchewan, is a uranium mining and milling complex, wholly owned by Cameco, which has been in operation since 1975. Based upon the current mine plan, Eagle Point mineral reserves are forecast to be depleted in 2015. The mineral reserve and resource estimates for Rabbit Lake are found below at *The Nuclear Business – Uranium Concentrates Business — Reserves and Resources* .

There are three permits required to conduct mining and milling at Rabbit Lake. Cameco holds a "Uranium Mine Operating Licence" from the CNSC and an "Approval to Operate Pollutant Control Facilities" and a "Permit to Operate Waterworks" from SMOE. These permits expire on October 31, 2013.

Rabbit Lake 2009 production was 3.8 million pounds U_3O_8, just over target and 6% higher than 2008. Reduced mill head grade was addressed through increased tonnage.

In 2009, Cameco extended the mine life at Rabbit Lake by two years to 2015 by adding mineral reserves.

In 2010, the underground drilling reserve replacement program will continue. Cameco plans to test and evaluate areas east and northeast of the mine where Cameco has had good results. Drilling will also continue on other parts of the property.

Substantial work has been carried out to renew the Rabbit Lake mill and associated facilities. A full replacement of the mill-distributed control system was completed in 2008. Selected plant equipment and process vessel replacement is ongoing. Extensive projects to reduce mill effluent concentrations of uranium (completed in 2006) and molybdenum and selenium (completed in 2009) are meeting current regulatory requirements. At the Eagle Point mine, construction commenced on a new exhaust air raise in 2009 that, when completed in 2010, will allow safe access to a new mining zone.

Subject to regulatory approval, after an initial two-year mine ramp up period, Cameco expects that the Rabbit Lake mill will process just over one-half of the uranium solution resulting from the milling at AREVA's JEB mill of the current Cigar Lake reserves. A screening level environmental assessment (an "EA" under the Canadian Environmental Assessment Act ("CEAA") relating to this uranium solution processing at Rabbit Lake (including the expansion of the Rabbit Lake in-pit tailings management facility ("RLITMF")) was approved by regulatory authorities in the summer of 2008. The expansion was completed in 2009. As a result of the further extension of the mine life of the Eagle Point mine at Rabbit Lake, Cameco is working to increase tailings capacity. A new tailings management facility would require an EA.

Cameco plans to complete the majority of the required mill modifications prior to commencement of uranium solution processing at Rabbit Lake. The processing of Cigar Lake uranium solution at Rabbit Lake is governed by a toll milling agreement. (See *Cigar Lake – Toll Milling Agreements* below*)*.

Crow Butte

Crow Butte is an ISR uranium operation located near Crawford, Nebraska. Cameco holds a 100% interest in Crow Butte through its wholly owned subsidiary, Crow Butte Resources Inc. The mineral reserve and resource estimates for Crow Butte are found below at *The Nuclear Business – Uranium Concentrates Business-Reserves and Resources*.

Smith Ranch-Highland

Smith Ranch — Highland is an ISR uranium operation located near the towns of Glenrock and Douglas, Wyoming. It is owned 100% by Cameco through its wholly owned subsidiary, Power Resources, Inc. ("PRI"). The mineral reserve and resource estimates for Smith Ranch — Highland are found below at *The Nuclear Business – Uranium Concentrates Business-Reserves and Resources* . The Smith Ranch mill processes all Smith Ranch — Highland ISR mined uranium.

Development Project

Cameco has one material uranium development project — Cigar Lake — in northern Saskatchewan.

Continued development and start up of production at this development project is subject to the timely receipt of all necessary approvals, permits and licences.

Cigar Lake

Cigar Lake is the world's second largest known high-grade uranium deposit. Cigar Lake is owned by joint venture partners Cameco (50.025%), AREVA Resources Canada Inc. ("AREVA") (37.1%), Idemitsu Canada Resources Ltd. ("Idemitsu") (7.875%) and TEPCO Resources Inc. ("TEPCO") (5.0%). Cameco has been the operator of Cigar Lake since January 2002. At December 31, 2009, Cameco's share of Cigar Lake proven and probable mineral reserves was 278,800 tonnes of ore containing 104.7 million pounds U_3O_8 with an average grade of 17.04% U_3O_8; its share of measured and indicated mineral resources was 12,000 tonnes of ore containing 0.6 million pounds U_3O_8 with an average grade of 2.27% U_3O_8; and its share of inferred mineral resources was 240,300 tonnes of ore containing 66.8 million pounds U_3O_8 with an average grade of 12.61% U_3O_8.

In December 2004, the Cigar Lake Joint Venture ("CLJV") decided to proceed with development of the Cigar Lake mine. Development of the Cigar Lake project began in January 2005. Development has been delayed due to two water inflow incidents that occurred in 2006 and an additional water inflow incident that occurred in August 2008 (see *Water Inflow Incidents and Remediation* below). The first incident in April 2006 resulted in the flooding of the second shaft, which was under construction. The second incident in October 2006 resulted in the flooding of the underground development areas. In November 2006, Cameco commenced work at Cigar Lake to remediate the underground development areas. In August 2008, this remediation work was interrupted by another inflow that prevented the mine from being dewatered. In October 2009, Cameco successfully sealed the August 2008 inflow and the underground workings were dewatered in February 2010. Safe access to the 480 metre level, the main working level of the mine, has been established. Crews have re-entered this level and work to inspect, assess and secure the underground development has begun. Cameco expects work to secure the underground to be completed before October 2010 depending on the condition of the mine. This work will be followed by restoration of underground mine systems and infrastructure in preparation for resumed construction activities.

Development of the Cigar Lake mine is expected to be complete in 2013, with the commissioning of the mine facilities and initial production targeted for mid-2013.

Cameco's estimates its share of the remaining capital cost to complete the Cigar Lake project to be $507.1 million, including its share of construction costs and costs to modify the McClean Lake JEB mill and Rabbit Lake mill. Including the $404.6 million spent by Cameco on construction costs and mill modification costs prior to December 31, 2009, Cameco's share of the aggregate capital costs at Cigar Lake are estimated to be $911.7 million. In addition, Cameco's share of the projected sustaining capital expenditures for Cigar Lake and Rabbit Lake sites is estimated to be $226 million.

In addition to capital costs, Cameco estimates its share of remaining remediation costs at Cigar Lake to be $29.4 million. Including the $64 million spent and expensed at Cigar Lake from 2006 through 2009, Cameco's share of the aggregate remediation costs at Cigar Lake are estimated to be $93.3 million.

The costs to complete Cigar Lake and the target dates for securing the underground and for initial production are forward-looking information. They are based on the assumptions and subject to the material risks discussed under the headings *Caution Regarding Forward-Looking Information and Statements* and *Risk Factors*, and specifically on the assumptions and risks listed here.

Assumptions:

- natural phenomena or an equipment failure do not cause a material delay or disrupt Cameco's plans;
- there are no additional water inflows;
- the seals used for previous water inflows do not fail;
- there are no labour disputes; and
- Cameco obtains contractors, equipment, operating parts and supplies, and regulatory permits and approvals when it needs them.

Material risks:

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

Cameco has adopted an "assurance of success" program for Cigar Lake. This program involves risk-based quality assurance planning for the project. Prior to implementation, the principal processes involved in the project are thoroughly risk-assessed, with the goal of ensuring that all risks are well understood, measures are taken to mitigate those risks, and alternatives are developed to address those risks that cannot be fully mitigated. As the project is carried out, there is a systematic monitoring and evaluation of any changes or conditions that were not anticipated in the original plan. Any such changes or conditions are also risk-assessed and the plan is revised on an ongoing basis to mitigate, or develop alternatives to address, any new risks to the success of the project that are identified.

Cameco, building on its assurance of success approach to operational excellence, has already implemented enhanced water management strategies and tactics to mitigate the risk of water inflows. Cameco also has made significant changes to the Cigar Lake mine design and plans to enhance operational effectiveness. This is underpinned by significant evolutions in the systems, procedures and practices carried out in the project and demonstrated successfully in the results achieved to date, including the successful dewatering and re-entry to the mine and Shaft No. 2.

Cameco is cognizant of the risks associated with advancing the Cigar Lake project, but based on its remediation and mining plan, its operational experience, its demonstrated competence and its economic analysis, Cameco is confident in this project and its successful completion.

A technical report on the Cigar Lake project entitled "Cigar Lake Project, Northern Saskatchewan, Canada" dated March 31, 2010 with an effective date of December 31, 2009 (the "Cigar Lake Technical Report") was prepared for Cameco in compliance with NI 43-101 by or under the supervision of C. Scott Bishop, P. Eng, Grant J.H. Goddard, P. Eng., Alain G. Mainville, P. Geo, Lorne D. Schwartz, P. Eng, each of whom is a "qualified person", but not independent of Cameco within the meaning of NI 43-101. The following description of the Cigar Lake Project is based on and, in some cases directly extracted from, the Cigar Lake Technical Report. A copy of the Cigar Lake Technical Report is available electronically on SEDAR at sedar.com or from EDGAR at sec.gov. Conclusions, projections and estimates set out in this Annual Information Form regarding Cigar Lake are subject to the qualifications, assumptions and exclusions that are detailed in the Cigar Lake Technical Report. To fully understand the summary information set out below and elsewhere in this Annual Information Form, the Cigar Lake Technical Report filed on SEDAR or EDGAR should be read in its entirety.

For a description of royalties payable to the province of Saskatchewan on the sale of uranium extracted from ore bodies within the province, such as Cigar Lake, and taxes, environmental matters and uranium sales, see *Canadian Royalties and Certain Taxes, Environmental Matters and Uranium Concentrates Business,* respectively.

Property Description and Location

The Cigar Lake mine site is located near Waterbury Lake, approximately 660 kilometres north of Saskatoon. The Cigar Lake mine site was initially developed for test mining.

The mineral property consists of one mineral lease (ML-5521) and 25 mineral claims (Nos. S-106540 to 106564 inclusive), totalling 93,048 hectares. The mineral lease and mineral claims are contiguous. The Cigar Lake deposit is located in the area subject to mineral lease ML-5521, totalling 308 hectares. The right to mine this uranium deposit was acquired under this mineral lease. The current mineral lease ML-5521 expires on December 1, 2011 with the right to renew for successive ten-year terms absent a default by Cameco.

Surrounding the Cigar Lake deposit are 25 mineral claims, totalling 92,740 hectares. A mineral claim grants the holder the right to explore for minerals within the claim lands and the right to apply for a mineral lease.

There is an annual requirement of $2.3 million either in work or cash to retain title to mineral lease ML-5521 and the 25 mineral claims. Based on previous work submitted and approved by the Province of Saskatchewan, title is secure until 2022.

The surface facilities and mine shafts for the Cigar Lake project are located on lands owned by the province of Saskatchewan. Cameco acquired the right to use and occupy the lands under a surface lease agreement with the province of Saskatchewan. The most recent surface lease was signed in May 2004. The term of this surface lease expires in May 2037. Obligations attached to the surface lease agreement primarily relate to annual reporting regarding the status of the environment, land development and progress made on northern Saskatchewan employment and business development. The Cigar Lake surface lease covers a total of 984 hectares of Crown land.

The Cigar Lake airstrip is under a separate surface lease covering a total of 17.2 hectares. The airstrip lease was renewed with the province of Saskatchewan in 2007 and will expire in May 2028. Cameco also holds a Miscellaneous Use Permit (“MUP”) issued by the Province of Saskatchewan which authorizes the use of a 41 km portion of the access road serving the surface facilities. The MUP is re-issued on an annual basis, and was most recently re-issued on November 2, 2009.

All current mineral reserves and mineral resources are contained within mineral lease ML-5521. Underground workings are confined to a small portion of the area of the mineral lease where initial test mining was concentrated. A total of 53 tonnes of high-grade mineralization in bulk bags from the test mining is stored on the surface storage pad.

Waste rock generated at the Cigar Lake mine site is currently stored in one of four waste rock piles on site, depending on the nature of the waste rock. The first two of these are the clean waste stockpiles, which will remain at the minesite. The third is mineralized waste, contained on a lined pad (>0.03% U_3O_8), which is planned to be disposed of underground at the Cigar Lake mine. No mineralized waste has been identified in the development to date. The fourth is potentially acid generating waste rock which will be temporarily stored at site on a lined pad and will be eventually transported to the Sue C pit at the McClean Lake facility for permanent disposal. The costs of the eventual disposal of the Cigar Lake potentially acid generating waste rock in Sue C pit is addressed in the Potentially Reactive Waste Rock Disposal Agreement between the McClean Lake Joint Venture (“MLJV”) and CLJV dated January 1, 2002.

No tailings will be stored at the Cigar Lake site since all ore mined will be transported to the McClean Lake JEB mill and Rabbit Lake mill for processing. As a result, Cigar Lake project tailings will be generated at both the McClean Lake JEB mill and the Rabbit Lake mill. The toll milling agreements as (described below) cover the generation of tailings at the McClean Lake JEB mill and Rabbit Lake mill and manage the financial liabilities associated with these tailings.

Although there was sufficient capacity for the Cigar Lake tailings in the Rabbit Lake in-pit tailings management facility (“RLITMF”) when the Rabbit Lake Toll Milling Agreement described below was originally signed, ongoing production, from the Eagle Point mine at Rabbit Lake, has consumed some of the capacity in the RLITMF. Consequently, it was determined that the RLITMF would have to be expanded. In August 2008, the Rabbit Lake Solution Processing Environmental Impact Statement was accepted. With this approval, expansion of the RLITMF commenced and it was completed and commissioned for use in 2009.

On February 24, 2010, Cameco announced an increase in Rabbit Lake's mineral reserves, further extending Eagle Point's mine life. As a result, Cameco is working to increase Rabbit Lake's operational tailings capacity. Regulatory approval is required to proceed with the capacity increase. Capital cost estimates included herein for the Cigar Lake project do not include the cost of further expanding Rabbit Lake's tailings capacity. Cameco, and not other members of the CLJV, will be responsible for paying the costs of this additional capacity increase.

Site Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the property is by an all weather road and by air. Supplies are transported by truck and can be shipped through Cameco's transit warehouse in Saskatoon. Saskatoon is a major population centre located 660 kilometres south of the Cigar Lake deposit with highway and air links to the rest of North America. An unpaved airstrip is located east of the minesite, allowing flights to the Cigar Lake property. The water for the industrial activities and the camp comes from nearby Waterbury Lake. A lake, called Cigar Lake, overlies part of the inferred mineral resources. The site is connected to the provincial electricity grid with a 138kV overhead power line. There are standby generators in case of grid power interruption.

Personnel are recruited on a preferential basis: initially from the communities of northern Saskatchewan, followed by the Province of Saskatchewan, and then outside to other provinces. The development and construction work is tendered to a number of contractors.

The climate is typical of the continental sub-arctic region of northern Saskatchewan. Summers are short and cool even though daily temperatures can reach above 30°Celsius (°C) on occasion. Mean daily maximum temperatures of the warmest months are around 20°C and only three months on average have mean daily temperatures of 10°C or more. The winters are cold and dry with mean daily temperatures for the coldest month below -20°C. Winter daily temperatures can reach below -40°C on occasion. Freezing of surrounding lakes, in most years, begins in November and break-up occurs around the middle of May. The average frost-free period is approximately 90 days.

Average annual total precipitation for the region is approximately 450 millimetres, of which 70% falls as rain. Site activities are carried out throughout the year despite cold winter conditions. The fresh air necessary to ventilate the underground workings is heated during winter months using propane-fired burners.

Cameco is in discussions with the Province of Saskatchewan to increase the area of the surface lease. The increase is required to implement the proposed discharge of treated effluent to Seru Bay at nearby Waterbury Lake (see *Regulatory Approvals* below). Except for this required increase, the surface leases grant sufficient rights, subject to regulatory approvals, for mining operations for the current mineral reserves and the lands subject to the surface leases are sufficient for personnel accommodation, access to water, airport, site roads and other necessary buildings and infrastructure. Tailings management facilities will not be required at Cigar Lake, as ore will not be milled at Cigar Lake.

The topography and the environment are typical of the taiga forested lands common to the Athabasca basin area of northern Saskatchewan. The area is covered with 30 to 50 metres of overburden. Vegetation is dominated by black spruce and jack pine. Occasional small stands of white birches may occur in more productive and well-drained areas. The surface facilities are approximately 490 metres above sea level.

History

The first uranium mineralization discovery at Cigar Lake was in May 1981. Since that time, the deposit has been defined by approximately 278 holes and almost 115,000 metres of core drilling from surface. Cigar Lake Mining Corporation ("CLMC") was the operator of the project from 1985 to 2001. Effective January 1, 2002, Cameco replaced CLMC as operator.

Public hearings on the Cigar Lake project's environmental impact were concluded in 1997 and, based on the recommendation of the joint federal-provincial panel, the governments of Canada and Saskatchewan authorized the project to proceed to the regulatory licensing stage.

In June 2001, the CLJV approved a feasibility study and detailed engineering design was initiated. In 2004, the environmental assessment for construction and operation of Cigar Lake was completed and the CNSC issued a construction licence.

In December 2004, the CLJV approved a construction budget for Cigar Lake as well as changes, subject to regulatory approval, to the milling facilities at McClean Lake and Rabbit Lake.

Geological Setting

The Cigar Lake deposit is located approximately 40 kilometres inside the margin of the eastern part of the Athabasca basin. It occurs at the unconformity contact between rock of the Athabasca Group and underlying lower Proterozoic Wollaston Group metasedimentary rocks, an analogous setting to the Key Lake, the McClean Lake and Collins Bay deposits. Cigar Lake shares many similarities with these deposits, including general structural setting, mineralogy, geochemistry, host rock association and the age of the mineralization. However, the Cigar Lake deposit is distinguished from other similar deposits by its size, its very high grade, and the high degree of associated hydrothermal clay alteration. The geological setting at Cigar Lake is similar to that at the McArthur River mine in that the sandstone overlying the basement rocks of the deposit contains significant water at high hydrostatic pressure. However, unlike McArthur River, the deposit is flat lying. The Cigar Lake deposit is approximately 1,950 metres long, 20 to 100 metres wide, and ranges up to 12 metres thick, with an average thickness of 4.9 metres. It occurs at depths ranging between 410 to 450 metres below the surface.

Exploration

Mineral lease ML-5521, which covers the Cigar Lake deposit, is surrounded by 25 mineral claims. AREVA is responsible for all exploration activity on these 25 surrounding claims under the CLJV agreements.

Subsequent to the discovery of the Cigar Lake deposit, the majority of exploration activities over the next few years were concentrated on mineral lease ML-5521, which hosts the Cigar Lake deposit, with only moderate activity on the 25 surrounding mineral claims. All exploration activities ceased after the 1986 field season for a period of 12 years, until exploration work on the 25 surrounding mineral claims recommenced in 1999.

The 1999 work program on these claims started with a period of data compilation and review of all the work conducted to date, following which additional exploration was started focussing upon developing further understanding of the Cigar trend and developing knowledge of the large, unexplored parts of the project. Since the inception of exploration activities to the end of the 2009 drilling program, a total of 115 exploration diamond drillholes (totalling 55,024 metres) and an additional 38 shallow drillholes (totalling 2,140 metres) have been completed on these claims.

Exploration drilling in 2006 confirmed the existence of unconformity style mineralization outside the mineral lease, approximately 650 metres east of Phase 1 mineralization. Additional exploration has been conducted in this area since 2006 and has delineated a mineralized zone approximately 210 metres in strike length and 30 metres in across-strike length.

The data from the exploration program on the 25 mineral claims is not part of the database used for the estimate of the mineral resources and mineral reserves at Cigar Lake.

Mineralization

Three distinct styles of mineralization occur within the Cigar Lake deposit: high-grade mineralization at the unconformity (“unconformity” mineralization) which includes the ore; fracture controlled, vein-like mineralization higher up in the sandstone (“perched” mineralization); and fracture controlled, vein-like mineralization in the basement rock mass.

The body of high-grade mineralization located at the unconformity contains the bulk of the total uranium metal in the deposit and represents the economically viable style of mineralization, considering the available mining methods and ground conditions. It is characterized by the occurrence of massive clays and high-grade uranium concentrations.

The high-grade, unconformity mineralization consists primarily of three dominant rock and mineral facies occurring in varying proportions. These are quartz, clay (primarily chlorite with lesser illite) and metallic minerals (oxides, arsenides, sulphides). In the two higher-grade eastern lenses, the ore consists of approximately 50% clay matrix, 20% quartz and 30% metallic minerals, visually estimated by volume. In this area, the unconformity mineralization is overlain by a very weakly mineralized contiguous clay cap one to five metres thick. In the lower-grade western lens, the proportion changes to approximately 20% clay, 60% quartz and 20% metallic minerals.

Drilling

The Cigar Lake uranium deposit was discovered in 1981 on mineral lease ML-5521 by drill hole number WQS2-015 of a regional program of diamond drill testing of geophysical anomalies (electromagnetic conductors) located by airborne and ground geophysical surveys. The deposit was subsequently delineated by a major surface drilling program during the period 1982 to 1986, followed by several small campaigns of drilling for geotechnical and infill holes to 2002 when the last surface hole prior to 2007 was drilled. An additional 51 holes were drilled from 2007 through 2009 for various geotechnical and geophysical programs. In total, 114,940 metres of diamond drilling has been completed in 278 surface holes to delineate the deposit. Of the 278 surface drillholes and wedged intersections drilled, 117 have been drilled within the geologically interpreted deposit limits and intersected minimum composite intervals with grade times thickness (GT) value greater than 3.0 metres % U_3O_8, equivalent to 2.5 metres at 1.2% U_3O_8.

In addition to the surface holes, diamond drilling has been done from underground access locations primarily to ascertain rock mass characteristics in advance of development and mining, both in ore and waste rock. In the period from 1989 to 2006, 132 underground diamond drillholes totalling 11,108 metres were drilled. No underground drilling was conducted during the period 2007 to 2009, due to the flooding of the underground workings. Only ten of these underground holes have intersected the ore body.

A total of 347 freeze and temperature monitoring holes have been drilled from the underground workings to the end of 2006 during the construction phase, of which approximately 150 were gamma surveyed before the underground workings were flooded in 2006. The freeze holes are drilled by percussion methods so no core is available for assays and uranium content is estimated by probing the holes with radiometrics. Cameco plans to reconfirm the current conversion factors for estimating uranium grade from the freeze hole radiometrics by drilling several core holes and using them for calibration purposes.

Cameco is satisfied with the quality of data obtained from the exploration drilling program on mineral lease ML-5521 and considers it valid for use in the estimate of mineral resources and mineral reserves at Cigar Lake.

Cameco plans to complete additional surface drilling in 2010 over the Phase 1 mineral resource at Cigar Lake.

Sampling and Analysis

Drilling in the eastern part of the deposit, an area 700 metres long by 150 metres wide, labelled Phase 1, has been done at a nominal drill hole fence spacing of 50 metres east-west by 20 metres north-south. On three of these fences, wedging from primary holes generated intersections at 10 metres spacing along the fences. Two fill-in fences were drilled at a spacing of 25 metres, with holes at nominally 20 metres along the fences. As well, along the central east-west axis of the eastern zone, five holes were drilled at 25 metres spacing.

The western part of the deposit, an area of 1,200 metres long by 100 metres wide, labelled Phase 2, has been drilled at a nominal drill hole fence spacing of 200 metres east-west by 20 metres north-south.

All holes were core drilled. All holes were gamma probed. In-hole gamma surveys and hand held scintillometer surveys were used to guide sampling of core for assay purposes.

In the early stages of exploration drilling, sampling of mineralized intervals was done on a geological basis, whereby sample limits were determined based on geological differences in the character of the mineralization. Samples were of various lengths, up to 50 centimetres. Beginning in 1983, sampling intervals for core from the ore body have been fixed

at the property standard 50 centimetres. Subsequently, all sample results have been mathematically normalized to the standard interval of 50 centimetres for mineral resource estimation purposes.

On the upper and lower contacts of the mineralized zone, two additional 50 centimetre samples were taken to ensure that the zone was fully sampled at the 1,000 parts per million (0.1%) U_3O_8 cut-off.

In total, more than 4,400 samples have been assayed from all the surface and underground holes drilled to define and delineate the deposit.

Except for some of the earliest sampling, in 1981 and 1982, the entire core from each sample interval was taken for assay. This practice of sampling the entire core reduces the sample bias inherent when splitting core.

For holes drilled into the deposit, sampling of drill core and gamma probing of underground drillholes was undertaken to the same standards as done for surface holes. However, most of the holes drilled into the deposit were rotary holes for ground freezing, from which no core was recovered. In these holes, reliance will be placed on radiometric assays for grade determinations to be used in future mineral resource and mineral reserve estimations.

Reliance for grade determinations in mineralized rock has been placed primarily on chemical assays of drill core. Core recovery through the ore zone has generally been very good. Where necessary, uranium grade determination has been supplemented by radiometric probing from gamma logs (gamma surveys within the drillholes).

For mineral resource and mineral reserve estimation purposes, where core recovery was less than 100%, the assayed value was assumed to be representative of the whole interval. Only 48 samples were identified with recoveries less than 75% out of a total of 2,612 assayed samples for Phase 1 mineralization.

From about 1983 onward, all drilling and sample procedures have been standardized and documented. This has imparted a high degree of confidence in the accuracy and reliability of results of all phases of the work.

Sample composites were calculated by taking the weighted average for the mineralized intercept in each drill hole using a 1.0% U_3O_8 cut-off grade. Vertical surface drillholes generally represent the true thickness of the zone as the mineralization is flat lying. The greatest true width among the drill hole composites is 11.5 metres, and the lowest, 0.5 metres with an average true width of about five metres.

The highest and lowest assay values among the sample are respectively 82.9% U_3O_8 and 0.0% U_3O_8. The highest and lowest density values among the samples are respectively 8.44 grams per cubic centimetre and 1.27 grams per cubic centimetre.

The original database, from which the mineral resource and mineral reserves were estimated, was compiled by previous operators. The majority of uranium assays in the database were obtained from Loring Laboratories Ltd. The original signed assay certificates are available and have been reviewed.

The quality assurance – quality control procedures that were used were typical for the time period of the analyses. More recent assaying at the Saskatchewan Reaseach Council includes the preparation and analysis of standards, duplicates and blanks. Cameco has reviewed the data and is of the opinion that the data is of adequate quality to be used for mineral resource and mineral reserve estimation purposes. Furthermore, the continuity and high grade nature of the ore zone has been confirmed from radiometrics of closely spaced underground freeze hole drilling.

Security of Samples

Cameco is not aware of the security measures in place at the time of the deposit delineation. However, the current core logging area is the same facility as was used during the delineation drilling. It is well removed from the mine site and a locked gate bars road access to anyone not authorized.

Cameco has no reason to doubt that sample security was maintained throughout the process.

Cigar Lake Resource and Reserve Estimates

The mineral reserve and resource estimates for Cigar Lake are found below at *The Nuclear Business - -Uranium Concentrates Business-Reserves and Resources*. The key assumptions, parameters and methods used in making these estimates are:

1. Key Assumptions

(a) Phase 1 mineral resources have been estimated within minimum mineralization thickness of 1.0 metres and by applying a cut-off grade of 1% U_3O_8 to the resource block model. This classification is based on sampling density interpretation of geological continuity and estimation confidence. The Phase 2 mineral resources have been estimated with a minimum mineralization thickness of 2.5 metres and by applying a cut-off grade of 5.9% U_3O_8 to the resource block model.

(b) Phase 1 mineral resources have been estimated with no allowance for mining dilution or mining recovery to the resource block model. Phase 2 mineral resources incorporate an allowance of 0.5 metres of dilution material above and below the deposit at 0% U_3O_8.

(c) Mineral reserves have been estimated at a cut-off grade of 2.0% U_3O_8 and a minimum mineral thickness of 1.5 metres applied to the Phase 1 mineral resource block model, after estimating the diluted grade of the jet boring system cavity.

(d) Mineral reserves have been estimated with an allowance of 0.5 metres of dilution material above and below the deposit, plus 20% external dilution at 0% U_3O_8. Dilution from sump slimes and drilling cuttings is also included as part of the 20% external dilution. Mineral reserves have been estimated based on 90% mining recovery.

(e) Mining rates are assumed to vary between 100 and 140 tonnes per day during peak production and a full mill production rate of approximately 18 million pounds of U_3O_8 per year based on 98.5% mill recovery.

(f) An average uranium price of $54 (US) per pound U_3O_8 was used to estimate the mineral reserves.

(g) No known environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues are expected to materially affect the mineral resource and mineral reserve estimates.

2. Key Parameters

(a) Grades (percentage U_3O_8) were obtained from chemical assaying of drill core and checked against radiometric results. In areas of lost core or missing samples, reliance was placed on radiometric grade determined from the gamma probing.

(b) Where density was not directly measured for each sample, a correlation between uranium grade and density was applied.

(c) Mineral reserves at Cigar Lake are based on estimated quantities of uranium recoverable by a tested mining method.

(d) The key economic parameters underlying the mineral reserves include a conversion from US$ dollars to Cdn$ dollars using a fixed exchange rate of US $1.00 = Cdn $1.05 (reflecting the exchange rate at December 31, 2009).

3. Key Methods

(a) Mineral resources and mineral reserves were estimated based on the use of the jet boring mining method combined with bulk freezing of the ore body. Jet boring produces an ore slurry with initial processing consisting of crushing and grinding underground, leaching at the McClean Lake JEB mill and yellowcake production split between the McClean Lake JEB mill and Rabbit Lake mill.

(b) The geological interpretation of the ore body outline was done on section and plan views derived from core drill hole information. Phase 1 mineral resources and mineral reserves were estimated using a 3-dimensional block model. Phase 2 mineral resources were estimated using a 2-dimension block model. For Phase 1, a block size of 4 metres x 4 metres x 1 metre was used. For Phase 2, an increased block size of 40 metres x 10 metres was used.

(c) The geological model does not incorporate the results of the underground freeze holes since the conversion of radioactivity measurements to uranium grade has not yet been confirmed by chemical assays.

(d) Ordinary kriging served to estimate the grade and density of the blocks.

(e) Mineral reserves are defined as the economically mineable part of the indicated and measured resources. Only mineral reserves have demonstrated economic viability. Reported mineral resources do not include those amounts identified as mineral reserves.

(f) Inferred mineral resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category.

There are numerous uncertainties inherent in estimating mineral reserves and resources. The reliability of any mineral reserve and resource estimation is the function of the quality of available data and of engineering and geological interpretation and judgment. Results from drillings, testing and production, as well as a material change in the uranium price or a change in the planned mining method, subsequent to the date of the estimate, may justify revision of such estimates.

Decommissioning and Reclamation

The Cigar Lake project Preliminary Decommissioning Plan ("PDP") was initially completed in May 2002 and was most recently revised as part of the licensing that occurred in 2008. This decommissioning plan considers the environmental liabilities up to the end of the construction of the facility. This PDP was approved by both federal and provincial regulatory agencies and is supported by a financial assurance based on a preliminary decommissioning cost estimate ("PDCE") of $27.7 million. The financial assurance is posted with the SMOE.

Once operations begin, Cameco will need to review the PDP, and account for changes to the reclamation and remediation liabilities associated with the management of ore and any associated wastes. As such, the PDCE will also be reviewed and if required revised to reflect any changes in the PDP. The Cigar Lake PDP discusses the approach to addressing liabilities associated with mining. The future liabilities will be addressed in subsequent revisions to the Cigar Lake PDP.

The reclamation and remediation activities associated with the Cigar Lake project waste rock and/or tailings at the McClean Lake and Rabbit Lake facilities are covered by the PDP and PDCE prepared for these facilities.

Mining Operations

The mining of the Cigar Lake deposit faces a number of challenges including control of groundwater, weak rock formations, a relatively thin flat-lying deposit and radiation protection. Based on these challenges, it was identified that a non-entry mining method would be required to mine the deposit.

The jet boring mining method was selected for the mining of the Cigar Lake deposit after many years of exploration and test mining activities. The method consists of cutting approximately 4.5 metre diameter cavities with a high pressure water jet in previously frozen ore. It was developed and adapted specifically for this deposit and one of its primary features is its non-entry approach, whereby personnel are not exposed to the ore body as all mining will be conducted from headings located in the basement rock below it. Through the application of the non-entry mining method, the containment of the ore cuttings within cuttings collection systems, and the application of ground freezing, the amount of radiation exposure to workers has been minimized to acceptable levels that are below regulatory limits. Experience with non-entry mining of high grade uranium ore at Cameco's McArthur River mine has demonstrated the effectiveness of this mining approach to manage radiation exposures.

Cigar Lake ore will be processed at three locations. Size reduction will be conducted at Cigar Lake, leaching will occur at McClean Lake and final yellowcake production will be split between McClean Lake and Rabbit Lake for a total estimated annual production rate of approximately 18 million pounds U_3O_8 when the mine is in full operation. The MLJV owns the McClean Lake operation, including the McClean Lake JEB mill, and AREVA is the operator of the MLJV. Cameco owns and operates the Rabbit Lake mill.

The first stage of processing will take place underground at Cigar Lake. The ore slurry produced by the jet boring mining system will be pumped to the underground crushing and grinding facility. The resulting finely ground, high density ore slurry will be pumped to surface storage tanks, thickened and loaded into truck mounted containers, similar to those currently being used at the McArthur River mine.

The containers of ore slurry will be trucked to AREVA's McClean Lake operations, 70 kilometres to the northeast for processing. Initially, all the Cigar Lake ore will be processed at the McClean Lake JEB mill. As Cigar Lake production ramps up to full capacity, the final uranium solution processing will be split between the McClean Lake JEB mill and Rabbit Lake mill as described below under *Toll Milling Agreements*. Rabbit Lake mill modifications to process Cigar Lake ore have not yet started. The McClean Lake JEB mill modifications required to process Cigar Lake ore are largely complete.

Water discharged from the mine is treated and released to Aline Creek. Cameco has applied for approval to change the discharge location to Seru Bay (see *Regulatory Approvals* below).

The CLJV has entered into toll milling agreements for the processing of the Cigar Lake uranium at the McClean Lake JEB and Rabbit Lake mills.

Toll Milling Agreements

Initially all Cigar Lake ore will be processed at the McClean Lake JEB mill located at AREVA's McClean Lake operations. Thereafter, as Cigar Lake production ramps up to planned full capacity, a portion of the uranium processing will be completed at Cameco's Rabbit Lake mill. These milling arrangements are subject to two toll milling agreements described below.

JEB Toll Milling Agreement

The JEB Toll Milling Agreement, made effective January 1, 2002, sets out the terms and conditions by which the MLJV will process Phase 1 ore delivered to the McClean Lake JEB mill into JEB uranium solution, further process the JEB uranium solution into uranium concentrates and process any potential Phase 2 ore into uranium concentrates at the McClean Lake JEB mill. Phase 1 ore is the current Cigar Lake mineral reserves and Phase 2 is part of the current Cigar Lake mineral resources. Mineral resources in Phase 2 are in the inferred category and have been evaluated from a preliminary perspective only. Further drilling and mining studies are needed before these resources can be fully evaluated.

All uranium solution resulting from the mill processing at the McClean Lake JEB mill of Phase 1 ore is allocated for further processing between the McClean Lake JEB mill and the Rabbit Lake mill based upon two categories: Phase 1(a) ore and Phase 1(b) ore. Phase 1 (a) ore represents the first 160 million pounds U_3O_8 recovered collectively by the

McClean Lake JEB and Rabbit Lake mills. Phase 1(b) ore represents the balance of the Phase 1 ore which is equal to approximately 47 million pounds of Cigar Lake mineral reserves.

100% of the uranium solution resulting from the processing of Phase 1 ore is allocated to the McClean Lake JEB mill to process into uranium concentrates. This allocation ends on the latter of the expiration of the initial ramp period of 730 days (the period starts after the testing and commissioning) and the date the JEB mill achieves 2.5 million pounds of uranium concentrates from processing Phase 1 ore during any consecutive three-month period.

Thereafter, the McClean Lake JEB mill will process at least 42.7% of the Phase 1(a) uranium solution into uranium concentrates (50% of the Phase 1(b) uranium solution). McClean Lake will send up to 57.3% of the Phase 1(a) uranium solution to the Rabbit Lake mill for further processing into uranium concentrates (50% of the Phase 1(b) uranium solution).

For the toll milling and related services, the CLJV pays the MLJV toll milling charges comprising the CLJV's share of McClean Lake JEB mill expenses and a toll milling fee based upon the type of Cigar Lake ore being processed (Phase 1(a), Phase 1(b) and, if applicable, Phase 2).

The agreement requires the MLJV to modify the McClean Lake JEB mill to process Phase 1 ore. The McClean Lake JEB mill modifications to process Cigar Lake ore slurry are largely complete. The remaining modifications are expected to be complete in 2013, other than the construction of the uranium solution loading facility which is expected to be complete in 2015.

In certain circumstances, standby costs are payable relating to the McClean Lake JEB mill. Cameco estimates under this agreement, it will pay $43 million to AREVA in standby costs, which will be expensed as incurred. This amount is not included in the capital cost to complete the project.

The MLJV is responsible for all costs of decommissioning the McClean Lake JEB mill.

Rabbit Lake Toll Milling Agreement

As described above under *JEB Toll Milling Agreement*, all uranium solution resulting from the processing at the McClean Lake JEB mill of Phase 1 ore is allocated for further processing between the McClean Lake JEB mill and the Rabbit Lake mill. The Rabbit Lake Toll Milling Agreement, made effective January 1, 2002, sets out the terms and conditions by which Cameco will process its allocation of uranium solution from Phase 1 ore into uranium concentrates at the Rabbit Lake mill.

For the toll milling and related services, the CLJV pays Cameco toll milling charges comprising the CLJV's share of Rabbit Lake mill expenses and a toll milling fee based upon the type of Cigar Lake ore being processed (Phase (1)(a) and Phase 1(b)).

The agreement requires Cameco to modify the Rabbit Lake mill to process its allocation of uranium solution from milled Phase 1 ore and Cameco plans to do so prior to the commencement of processing at Rabbit Lake. Detailed design of the Rabbit Lake mill modifications is planned to start in 2011. A uranium solution receiving station and associated handling equipment are targeted for completion in 2015**.** The required transportation infrastructure is targeted for completion in 2014. The majority of the modification costs are expected to be paid by Cameco either in its capacity as mill owner or 50.025% CLJV owner.

In certain circumstances, standby costs are payable relating to the Rabbit Lake mill. Currently, under the agreement, none are expected to be payable.

Cameco is responsible for all costs of decommissioning the Rabbit Lake mill.

Water Inflow Incidents and Remediation

On April 5, 2006, a water inflow occurred at the base of Shaft No. 2, through a failed valve assembly on a grouting standpipe, which led to the flooding of the shaft and cessation of activities in the shaft. As the shaft was not complete and not connected through to the main mine workings, the flooding was limited to Shaft No. 2.

Dewatering of Shaft No. 2 was completed in April 2009 and remediation was completed in May 2009. Resumption of sinking of Shaft No. 2 is planned after remediation of the main mine workings is underway. The ground will be frozen in the area surrounding the shaft to allow sinking to be completed. A hydrostatic liner will be installed in the shaft from the current depth of 392 metres through to the 480 metres level, where it will transition back to a non-hydrostatic liner.

On October 23, 2006, the underground mine at Cigar Lake was flooded following a water inflow, which caused a suspension of underground activities. In response to the incident, Cameco developed and proceeded with its remediation plan to restore the underground workings at Cigar Lake. Cameco's plan was developed in consultation with CNSC staff and the Saskatchewan ministries of Environment and Labour.

The activities associated with each of the proposed remediation phases were described in the Cigar Lake Technical Report prepared in 2007 and since that time, as work has been executed and plans refined, the remediation phases have been refined and greater understanding of how the phases interact with each other has been gained.

In 2008, the source of the October 2006 water inflow was sealed and the effectiveness of the seal demonstrated. The inflow was sealed by drilling holes from surface down to the source of the water inflow and to a nearby tunnel where reinforcement was needed and pumping concrete and grout through the drillholes to an area of fallen rock.

Dewatering of the mine commenced in July 2008. It was suspended on August 12, 2008 when the rate of the inflow to the mine significantly increased. Shaft No. 1 had been pumped down to 430 metres below surface when the increase was observed. The location of this inflow was later identified as a fissure located in a tunnel on the 420 metre level. The 420 metre level was developed many years ago to assess the practicality of developing a working level above the orebody.

On October 23, 2009, Cameco announced that the inflow on the 420 m level which forced suspension of dewatering on August 12, 2008 was sealed by remotely placing an inflatable seal between the shaft and the source of the inflow and subsequently backfilling and sealing the entire development behind the seal with concrete and grout. The 420 m level is not part of future mine plans and will be abandoned. Cameco plans to install a permanent bulkhead and fill the entire 420 metre level with concrete backfill.

Crews entered Shaft No. 1 in November 2009 and work focused on refurbishing the shaft including installing the ladderway, replacing mechanical and electrical components and extending the in-shaft pumping system.

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

The remaining aspects of the remediation plan to restore underground workings at Cigar Lake are summarized below.

The mine needs to be secured. This involves inspecting the mine and completing any additional remedial work identified such as determining if additional reinforcement is required in higher risk areas. The objective is to make the mine safe from an inflow and significant ground failure perspective. Cameco expects the mine to be secured before October 2010, depending on the condition of the mine.

Cameco plans to complete an underground rehabilitation program. This involves rehabilitating the remaining lower priority areas of the mine (including 480 and 500 metre levels) and re-establishing the full mine ventilation circuits. Some of the specific tasks will include re-establishing the permanent refuge stations and communications, the installation of the emergency back up pump capacity, completing the installation and rehabilitation of the designed underground pumping capacity, re-establishing the ore body freezing program, commencing the Shaft No. 2 freezing program, and

generally preparing areas to resume construction and development activities. A large portion of this work is related to the replacement of electrical components and equipment damaged due to flooding.

As part of securing the mine and underground rehabilitation program, detailed assessments of the underground conditions will provide further input to the overall Cigar Lake design and strategy, allowing the mine plan to be further optimized.

As the mine is secured, the underground rehabilitation program is significantly progressed and regulatory requirements are met, Cameco plans to resume underground construction activities that had been interrupted by the October 2006 water inflow.

The remediation and completion plan for Shaft No. 2 has been undertaken in a staged approach as described below. Cameco completed the dewatering of Shaft No. 2 in April 2009 and remediation of the shaft in May 2009. Drilling of freeze holes to cover the affected area of Shaft No. 2 will be carried out from the 480 metre level after refurbishing the main areas of the underground mine.

Following ground freezing, resumption of shaft sinking activities will take place and the shaft will be sunk to its final depth of 500 metres. A hydrostatic liner will be installed during sinking and the 480 metre level shaft station will be established. Following sinking, shaft furnishings will be installed in the fresh air compartment. Completion of shaft sinking and shaft furnishing is scheduled for 2012.

The underground mine has installed pumping capacity of 1,550 cubic metres per hour consisting of 1,250 cubic metres per hour through surface boreholes and 300 cubic metres per hour in-shaft. Cameco plans to increase the installed pumping capacity to 2,500 cubic metres per hour. The existing installed capacity is sufficient to handle volumes greater than either of the previous two water inflows. To accommodate remediation activities in the mine while the Seru Bay environmental assessment process is advancing, interim approval was received in 2009 for increased non-routine discharge capacity, up to 1,100 cubic metres per hour. The Seru Bay discharge capacity currently being reviewed is consistent with the mine dewatering capacity. In Cameco's view, this is sufficient capacity to handle an estimated maximum inflow, and Cameco intends to install additional capacity to assure the long-term success of the project. (See *Regulatory Approvals* below).

At the end of 2009, a substantial number of surface facilities were completed. Surface construction is approximately 50% complete at Cigar Lake. The remaining important surface construction includes the Waterbury Centre (new administration/services building), Seru Bay pipeline, the installation of the surface ore process facilities, new propane tank farm, 138 kV electrical substation expansion and permanent camp expansion.

Just prior to the mine inflow of October 23, 2006, the capital construction project was approximately 60% complete, based on the previous mine design. Underground development required for the start of production is now estimated to be 50% complete, based on required infrastructure changes identified in the revised mine plan. Remaining underground work to be completed includes mine remediation, Shaft No. 2, installation of designed underground pumping capacity including the installation of emergency back-up pump capacity, brine system freezing infrastructure and ore freezing program, underground ore extraction system, ore processing circuit including changes due to the new mine plan, and mine development.

Regulatory Approvals

The Cigar Lake project has regulatory obligations to both the federal and provincial governments. Being a nuclear facility, primary regulatory authority resides with the federal government and its agency, the CNSC. The main regulatory agencies that issue permits/approvals and inspect the Cigar Lake project are: the CNSC (federal), Fisheries and Oceans Canada (federal), Environment Canada (federal), Transport Canada (federal), and the SMOE.

One of the initial steps in the regulatory process was to assess the project under the federal and provincial environmental assessment (EA) processes.

In 1995, the Cigar Lake Project, Environmental Impact Statement (the "1995 EIS") was submitted to the Joint Federal-Provincial review panel on Uranium Mining Developments in Northern Saskatchewan (the "Panel"). In 1997, the Panel recommended that pending identification of a suitable waste rock disposal location, the project should proceed. The Canadian and Saskatchewan governments both accepted the Panel's recommendation and in 1998 both government bodies approved the project in principle.

In February 2004, an environmental assessment study report for the Cigar Lake mine portion of the project was submitted and subsequently accepted by the CNSC as meeting the requirements of *Canadian Environment Assessment Act* ("CEAA") and licensing/permitting process for the Cigar Lake project could proceed.

The CNSC issued a construction licence for the Cigar Lake project in December 2004. Construction began in January 2005. In 2007, the CNSC extended the term of this licence from December 31, 2007 to December 31, 2009 so that actions resulting from the 2006 water inflow event could be addressed and the initial phase of water remediation could proceed. The licence was subsequently amended again in June, 2008 to enable Cameco to proceed with certain activities associated with mine dewatering, shaft remediation, mine entry and securing/assessing the underground workings.

In June 2008, approval to commence mine dewatering of the Cigar Lake main shaft was also received, following extensive efforts from surface to plug the source of the 2006 inflow. However, during dewatering, a new source of water inflow developed in August 2008, leading to the decision to suspend dewatering to ensure the new source of inflow was understood and that appropriate measures to mitigate it could be taken.

In 2009, after sealing the new source of water inflow, again from surface, Cameco re-initiated dewatering of the main shaft. In addition, the CNSC licence was extended from December 31, 2009 to December 31, 2013 allowing for completion of the mine construction project, including completion of remediation, Shaft No. 2 and surface construction. Additional regulatory approvals for these licence activities will be required to complete remediation and resume pre-flood underground construction and development activities. In addition, the CNSC licence contains a condition that the revised mine plan requires regulatory approval.

Concurrent with the completion of mine construction, an operating licence application will be prepared for submission to the CNSC. The operating licence process, consisting of document production and two formal hearings, can proceed while construction is being completed.

The processing of Cigar Lake ore slurry feed at the McClean Lake JEB mill was approved as part of an environmental impact statement for the Cigar Lake project submitted in 1995 and approved in 1997 by the Panel. An amendment to the McClean Lake JEB mill's licence to operate is still required in order to process the ore from the Cigar Lake mine at the McClean Lake JEB mill. No issues surrounding this licence amendment approval are anticipated.

The processing of Cigar Lake uranium solution at the Rabbit Lake mill was approved by the CNSC on June 19, 2008. In August 2008, the environmental assessment process for the Rabbit Lake aspect of the project was completed and the "Rabbit Lake Solution Processing Environmental Impact Statement" was issued. For a discussion of the status of regulatory approvals regarding the RLITMF, see – *Property Description and Location*.

The Cigar Lake water treatment/effluent discharge system has been designed to take into account both the results of metallurgical test work programs and Cameco's experience at other facilities. The design is intended for both typical and emergency water treatment and effluent discharge scenarios. The current system has been approved and licensed by the CNSC and the SMOE.

In December 2008, Cameco submitted to the CNSC a project description application for measures intended to better manage the increased quantities of water inflow that could potentially be experienced during the construction and operation of the Cigar Lake project. The project involves establishing infrastructure to allow for the discharge of treated water directly to Seru Bay of Waterbury Lake. This application has triggered under the CEAA a joint federal and provincial screening level environmental assessment, which process is currently ongoing. A decision on this assessment is anticipated in 2010. Interim approvals and measures are in place to support increased discharge to the Aline Creek system if the need were to arise prior to receiving approval for the Seru Bay discharge point.

Production Forecast, Mine Life and Payback

The mining plan for Cigar Lake has been designed to extract all of the current mineral reserves. The mine life based on current mineral reserves will be approximately 15 years with an estimated full production rate of approximately 18 million pounds of U_3O_8 per year recovered from the mill. Cigar Lake will produce less than the full production rate of approximately 18 million pounds of U_3O_8 in the early and late years of the current Mineral Reserve life. As a result of two mine inflows, the mining plan has been updated.

The following is a general summary of the Cigar Lake production schedule guidelines and parameters:

- Total mill production of 206.1 million pounds of U_3O_8 based on an overall milling recovery of 98.5%;
- Total mine production of 557 thousand tonnes of ore;
- Average mill feed grade of 17% U_3O_8;
- Production is scheduled to start in mid-2013;
- Mining rate is variable to produce a constant production level of U_3O_8. The average mine production varies annually from 100 to 140 tonnes per day during peak production depending on the grade of ore being mined;
- Three year ramp up to full production of approximately 18 million pounds of U_3O_8 per year (recovered after milling); and
- Mine operating life of approximately 15 years.

Payback, excluding all 2009 and prior costs as sunk costs, would be achieved during 2017 on an undiscounted pre-tax basis.

Forecasts of production, mine life and payback are forward-looking information. They are based on the assumptions and subject to the material risks discussed under the headings *Caution Regarding Forward-Looking Information and Statements*, *Risk Factors* and the introduction under *The Nuclear Business – Development Project — Cigar Lake*.

The Cigar Lake production schedule relies upon the ground being sufficiently frozen prior to the start of jet boring mining system. As part of the mining plan, the orebody has been divided into production panels, with one jet boring mining system unit operating in any panel. At least four production panels need to be frozen at any point in time to achieve the full production rate of 18 million pounds U_3O_8 per year. Cameco's base case production schedule assumes all of the ground freezing is conducted from underground. Cameco is currently assessing an opportunity to drill freeze holes from surface that may allow portions of the orebody to be frozen sooner than could be achieved from underground. If successfully implemented, this could decrease the ramp-up time required to achieve the full production rate of approximately 18 million pounds annually and bring forward up to 10 million pounds of production into the first four years of operation.

Exploration

A significant part of Cameco's future production could result from its global exploration activities. Since 2002, Cameco has more than tripled its annual investment in exploration. Cameco invested about $54 million in uranium exploration during 2009 and plans to invest $90-95 million in 2010.

In 2009, $23 million of the $54 million was invested in six brownfield and advanced exploration projects. The largest investment ($11.2 million) was at Kintyre, Australia for delineation drilling. Cameco also carried out significant programs at McArthur River, Rabbit Lake, and the Millennium deposit. Approximately $31 million was invested in

regional exploration programs (including support costs). Saskatchewan was the largest single region, followed by Australia, northern Canada and the rest of the global program.

Cameco carries out exploration on a large and expanding land position, which, at December 31, 2009, had reached an area of approximately 4.2 million hectares (10.4 million acres). These exploration lands are principally located in Canada, the US, Australia, Mongolia, Kazakhstan and Peru. Exploration activities include brownfields work in close proximity to operating mines, greenfields exploration in new target areas, and alliances or other agreements with junior exploration companies that own prospective uranium targets.

Cameco plans to invest approximately $90 to $95 million on uranium exploration in 2010 as part of Cameco's long-term strategy. Approximately $40 million of the planned amount will be used for exploration at Kintyre and for Inkai block 3 in Kazakhstan. Approximately $11 million will be invested in six brownfield exploration projects in the Athabasca Basin and Australia. Cameco expects to allocate the rest of the exploration funds among 48 projects worldwide, the majority of which are at drill target stage. Among the larger investments planned are $5 million on two adjacent projects in Nunavut, a $2 million program on the Dawn Lake project in Saskatchewan, and a $3 million investment on the Wellington Range project in Northern Territory, Australia.

Reserves and Resources

The disclosure in this Annual Information Form of a scientific and technical nature regarding Cameco's material uranium properties (McArthur River/Key Lake, Cigar Lake and Inkai), including mineral reserve and resource estimates, was prepared by or under the supervision of the following qualified persons:

Qualified Persons	Properties
*Alain G. Mainville, Director, Mineral Resources Management, Cameco David Bronkhorst, General Manager, McArthur River, Cameco Greg Murdock, Technical Superintendent, McArthur River, Cameco Lorne D. Schwartz, Chief Metallurgist, Mining Technical Services, Cameco Les Yesnik, General Manager, Key Lake, Cameco	McArthur River/Key Lake
*Alain G. Mainville, Director, Mineral Resources Management, Cameco C. Scott Bishop, Chief Mine Engineer, Cigar Lake, Cameco Grant J.H. Goddard, General Manager, Cigar Lake, Cameco Lorne D. Schwartz, Chief Metallurgist, Mining Technical Services, Cameco	Cigar Lake
*Alain G. Mainville, Director, Mineral Resources Management, Cameco Charles J. Foldenauer, Deputy General Director, Operations, Inkai	Inkai

* As director, mineral resources management at Cameco, Mr. Mainville oversees and coordinates the work performed by Cameco qualified persons on the estimation of mineral reserves and resources and reports to management and Cameco's reserve oversight committee of the board on matters relating thereto.

NI 43-101 requires mining companies to disclose mineral reserves and mineral resources using the subcategories of proven reserves, probable reserves, measured resources, indicated resources and inferred resources. Cameco reports mineral reserves and resources separately. (See *Note Regarding Reserves and Resources*).

Cameco reports all its mineral reserves as a quantity of contained ore supporting the mining plans and provides an estimated metallurgical recovery for each of its properties. Metallurgical recovery is a term used in the mining industry to indicate the proportion of valuable material physically recovered by the metallurgical extraction process. The estimated recoverable amount of a commodity is obtained by multiplying the mineral reserves "Content" by the "Estimated Metallurgical Recovery Percentage".

Uranium Reserves

The following table shows the estimated uranium mineral reserves as at December 31, 2009 on a property basis and Cameco's share.

		PROVEN			PROBABLE			TOTAL RESERVES				
		(tonnes in thousands; pounds in millions)										
Property	Mining method	Tonnes	Grade %U_3O_8	Content (lbs U_3O_8)	Tonnes	Grade %U_3O_8	Content (lbs U_3O_8)	Tonnes	Grade %U_3O_8	Content (lbs U_3O_8)	Cameco's share of content (lbs U_3O_8)	Estimated metallurgical recovery (%)
McArthur River	UG	498.5	15.72	172.7	280.0	26.33	162.5	778.5	19.53	335.2	234.0	98.7
Cigar Lake	UG	130.5	25.62	73.7	426.8	14.41	135.6	557.3	17.04	209.3	104.7	98.5
Rabbit Lake	UG	37.4	0.75	0.6	1,059.0	0.89	20.7	1,096.4	0.88	21.3	21.3	96.7
Key Lake	OP	61.9	0.52	0.7				61.9	0.52	0.7	0.6	98.7
Inkai	ISR	6,043.0	0.08	11.1	83,434.0	0.07	123.6	89,477.0	0.07	134.7	80.9	80.0
Gas Hills-Peach	ISR	—	—	—	6,403.8	0.13	19.0	6,403.8	0.13	19.0	19.0	72.0
North Butte-Brown Ranch	ISR	—	—	—	3,803.2	0.10	8.2	3,803.2	0.10	8.2	8.2	80.0
Smith Ranch-Highland	ISR	771.9	0.12	2.0	1,931.1	0.09	3.9	2,703.0	0.10	5.9	5.9	80.0
Crow Butte	ISR	968.7	0.11	2.3	493.1	0.17	1.8	1,461.8	0.13	4.1	4.1	85.0
Total:		**8,511.9**	—	**263.1**	**97,831.0**	—	**475.3**	**106,342.9**	—	**738.4**	**478.7**	

Notes:

1. Cameco reports mineral reserves and mineral resources separately.
2. Estimated metallurgical recovery factors must be applied in order to obtain the expected amounts of recovered pounds U_3O_8. Cameco's share of U_3O_8 content is not adjusted for the estimated metallurgical recovery.
3. Mineral reserves incorporate allowances for dilution and mining losses.
4. Mining method: OP – Open Pit; UG – Underground; ISR – In situ recovery.
5. Mineral reserves are estimated using current geological models and current and/or projected operating costs and mine plans. Cameco's data verification procedures have been employed in connection with the mineral reserve estimations for each property.
6. For the purpose of estimating mineral reserves in accordance with NI 43-101, an average uranium price of $54 (US)/lb U_3O_8 was used to estimate mineral reserves.
7. The key economic parameters underlying the mineral reserves include an exchange rate of $1.00 US=$1.05 Cdn (reflecting the exchange rate at December 31, 2009).
8. No known environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues are expected to materially affect the above estimates of mineral reserves except for the potential Inkai permitting issue discussed at *Inkai — Mineral Resources and Mineral Reserve Estimates*.
9. Totals may not add up due to rounding.
10. Smith Ranch, Highland and Reynolds Ranch are now reported under Smith Ranch – Highland as they are all part of the same operation.

In addition to the above reserves, Cameco has contractually committed supplies, including supplies under the HEU Commercial Agreement, of approximately 31 million pounds of uranium from January 1, 2010 until the end of 2013.

Uranium Measured and Indicated Resources

Cautionary Note to Investors concerning estimates of Measured and Indicated Resources:

This section uses the terms "measured resources" and "indicated resources". US investors are advised that while those terms are recognized and required by Canadian securities regulatory authorities, the SEC does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposit in these categories will ever be converted into proven or probable reserves.

The following table shows the estimated uranium measured and indicated resources as at December 31, 2009 on a property basis and Cameco's share.

		MEASURED			INDICATED			TOTAL MEASURED AND INDICATED			
		(tonnes in thousands; pounds in millions)									
Property	Mining method	Tonnes	Grade % U_3O_8	Content (lbs U_3O_8)	Tonnes	Grade % U_3O_8	Content (lbs U_3O_8)	Tonnes	Grade % U_3O_8	Content (lbs U_3O_8)	Cameco's share (lbs U_3O_8)
McArthur River	UG	162.9	6.39	22.9	39.9	8.37	7.4	202.8	6.78	30.3	21.1
Cigar Lake	UG	8.4	2.07	0.4	15.6	2.35	0.8	24.0	2.27	1.2	0.6
Rabbit Lake	UG	—	—	—	792.5	0.59	10.4	792.5	0.59	10.4	10.4
Dawn Lake	OP, UG	—	—	—	347.0	1.69	12.9	347.0	1.69	12.9	7.4
Millennium	UG	—	—	—	468.9	4.53	46.8	468.9	4.53	46.8	19.6
Tamarack	UG	—	—	—	183.8	4.42	17.9	183.8	4.42	17.9	10.3
Inkai	ISR	—	—	—	13,291.0	0.07	21.9	13,291.0	0.07	21.9	13.1
Gas Hills-Peach	ISR	1,964.2	0.08	3.4	1,418.2	0.07	2.3	3,382.4	0.08	5.7	5.7
North Butte-Brown Ranch	ISR	762.1	0.08	1.4	4,012.0	0.07	6.0	4,774.1	0.07	7.4	7.4
Smith Ranch-Highland	ISR	2,834.9	0.10	6.0	13,170.9	0.06	17.0	16,005.8	0.07	23.0	23.0
Crow Butte	ISR	64.3	0.23	0.3	2,322.2	0.20	10.1	2,386.5	0.20	10.4	10.4
Ruby Ranch	ISR	—	—	—	2,215.3	0.08	4.1	2,215.3	0.08	4.1	4.1
Ruth	ISR	—	—	—	1,080.5	0.09	2.1	1,080.5	0.09	2.1	2.1
Shirley Basin	ISR	89.2	0.16	0.3	1,638.2	0.11	4.1	1,727.4	0.12	4.4	4.4
Total		**5,886.0**	—	**34.7**	**40,996.0**	—	**163.8**	**46,882.0**	—	**198.5**	**139.6**

Notes:

1. Cameco reports mineral reserves and mineral resources separately. The amount of reported mineral resources does not include those amounts identified as mineral reserves.
2. Mining method: OP – Open Pit; UG – Underground; ISR – In situ recovery.
3. Mineral resources are estimated using current geological models. Cameco's normal data verification procedures have been employed in connection with the mineral resource estimations for each property.
4. Totals may not add up due to rounding.
5. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
6. Smith Ranch, Highland, Reynolds Ranch and Northwest Unit are now reported under Smith Ranch – Highland as they are all part of the same operation.

Uranium Inferred Resources

Cautionary Note to Investors concerning estimates of Inferred Resources:

This section uses the term "inferred resources". US investors are advised that while this term is recognized and required by Canadian securities regulatory authorities, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will ever be upgraded to a higher category. Under Canadian securities regulations, estimates of inferred resources may not form the basis of feasibility or pre-feasibility studies. Investors are cautioned not to assume that part or all of an inferred resource exists or is economically or legally mineable.

The following table shows the estimated uranium inferred resources as at December 31, 2009 on a property basis and Cameco's share.

	INFERRED (tonnes in thousands; pounds in millions)				
Property	**Mining Method**	**Tonnes**	**Grade % U_3O_8**	**Content (lbs U_3O_8)**	**Cameco's share (lbs U_3O_8)**
McArthur River	UG	604.2	11.97	159.4	111.3
Cigar Lake	UG	480.4	12.61	133.5	66.8
Rabbit Lake	UG	119.8	0.36	0.9	0.9
Millennium	UG	214.3	2.06	9.7	4.1
Tamarack	UG	45.6	1.02	1.0	0.6
Inkai	ISR	254,696.0	0.05	255.1	153.0
Gas Hills-Peach	ISR	861.5	0.07	1.3	1.3
North Butte-Brown Ranch	ISR	640.6	0.06	0.9	0.9
Smith Ranch-Highland	ISR	6,370.1	0.05	6.6	6.6
Crow Butte	ISR	2,843.7	0.11	6.7	6.7
Ruby Ranch	ISR	56.2	0.14	0.2	0.2
Ruth	ISR	210.9	0.08	0.4	0.4
Shirley Basin	ISR	508.0	0.10	1.1	1.1
Total		**267,651.3**	—	**576.8**	**353.9**

Notes:

1. Cameco reports mineral reserves and mineral resources separately. The amount of reported mineral resources does not include those amounts identified as mineral reserves.
2. Mining method: OP – Open Pit; UG – Underground; ISR – In situ recovery.
3. Mineral resources are estimated using current geological models. Cameco's normal data verification procedures have been employed in connection with the mineral resource estimations for each property.
4. Totals may not add up due to rounding.
5. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Uranium Reserves Reconciliation

The following reconciliation of Cameco's share of uranium mineral reserves reflects the changes in mineral reserves during 2009. The net change to mineral reserves was primarily the result of:

- mining and milling activities, which used 22 million pounds
- identifying additional reserves — 14 million pounds at McArthur River and 8 million pounds at Rabbit Lake
- reclassifying reserves to resources – 8 million pounds at Cigar Lake and 5.5 million pounds at Ruby Ranch and Ruth

Reconciliation of Cameco's Share of Uranium Reserves
(in thousands of pounds U_3O_8)

	December 31 2008	2009 Throughput[1]	2009Addition (Deletion)[2]	December 31 2009
Reserves — Proven				
Cigar Lake	113,222	—	(76,361)	36,861
Crow Butte	2,202	(884)	998	2,316
Inkai	8,193	(1,519)	—	6,674
Key Lake	590	—	—	590
McArthur River	118,752	(13,226)	15,052	120,578
Rabbit Lake	780	(7)	(156)	617
Smith Ranch-Highland[3]	3,024	(2,164)	1,119	1,979
Total Proven Reserves	**246,763**	**(17,800)**	**(59,348)**	**169,615**
Reserves — Probable				
Cigar Lake	—	—	67,819	67,819
Crow Butte	2,837	—	(997)	1,840
Gas Hills — Peach	19,684	—	(700)	18,984
Inkai	76,874	(287)	(2,420)	74,167
McArthur River	113,442	—	—	113,442
North Butte — Brown Ranch	8,524	—	(316)	8,208
Rabbit Lake	16,745	(3,896)	7,857	20,706
Ruby Ranch	3,807	—	(3,807)	—
Ruth	1,689	—	(1,689)	—
Smith Ranch-Highland[3]	4,701	(194)	(575)	3,932
Total Probable Reserves	**248,303**	**(4,377)**	**65,172**	**309,098**
Total Reserves	**495,066**	**(22,177)**	**5,824**	**478,713**

Notes:

1. Corresponds to millfeed. The discrepancy between the 2009 millfeed and Cameco's share of 2009 pounds U_3O_8 produced is due to mill recovery, mill inventory and the processing of low-grade material.
2. Changes in reserves or resources, as applicable, include reassessment of geological data, results of information provided by mining and milling, and subsequent re-classification of reserves or resources, as applicable.
3. Smith Ranch, Highland and Reynolds Ranch are now reported under Smith Ranch – Highland as they are all part of the same operation.

Uranium Resources Reconciliation

The following reconciliation of Cameco's share of uranium mineral resources reflects the changes in mineral resources during 2009. The more noteworthy changes in Cameco's share of uranium mineral resources in 2009 were:

- adding 20 million pounds of resources at Tamarack, Rabbit Lake and Crow Butte
- upgrading 14 million pounds of resources to reserves at McArthur River, Zone 4
- downgrading 5.5 million pounds of reserves to resources at Ruby Ranch and Ruth

Reconciliation of Cameco's Share of Uranium Resources
(in thousands of pounds U_3O_8)

	December 31, 2008	2009 Addition (Deletion)[1]	December 31, 2009
Resources — Measured			
Cigar	—	193	193
Crow Butte	322	—	322
Gas Hills — Peach	3,346	26	3,372
McArthur River	29,578	(13,573)	16,005
North Butte — Brown Ranch	1,857	(491)	1,366
Ruby Ranch	128	(128)	—
Ruth	216	(216)	—
Shirley Basin	304	—	304
Smith Ranch-Highland(2)	5,292	660	5,952
Total Measured Resources	**41,043**	**(13,529)**	**27,514**
Resources-Indicated			
Cigar Lake	3,282	(2,877)	405
Crow Butte	6,555	3,594	10,149
Dawn Lake	7,436	—	7,436
Gas Hills — Peach	2,310	(42)	2,268
Inkai	10,698	2,420	13,118
McArthur River	5,136	—	5,136
Millennium	19,643	—	19,643
North Butte — Brown Ranch	6,303	(319)	5,984
Rabbit Lake	4,132	6,240	10,372
Ruby Ranch	143	3,935	4,078
Ruth	192	1,905	2,097
Shirley Basin	4,085	—	4,085
Smith Ranch-Highland(2)	16,962	—	16,962
Tamarack	—	10,288	10,288
Total Indicated Resources	**86,877**	**25,144**	**112,021**
Total Measured & Indicated	**127,920**	**11,615**	**139,535**

Notes:

1. Changes in reserves or resources, as applicable, include reassessment of geological data, results of information provided by mining and milling, and subsequent re-classification of reserves or resources, as applicable.
2. Smith Ranch, Highland, Reynolds Ranch and Northwest Unit are now reported under Smith Ranch – Highland as they are all part of the same operation.

Reconciliation of Cameco's Share of Uranium Resources
(in thousands of pounds U_3O_8) (Continued)

	December 31, 2008	2009 Addition (Deletion)[1]	December 31, 2009
Resources — Inferred			
Cigar Lake	59,105	7,687	66,792
Crow Butte	6,347	347	6,694
Gas Hills — Peach	1,090	199	1,289
Inkai	153,049	—	153,049
McArthur River	97,038	14,240	111,278
Millennium	4,089	—	4,089
North Butte — Brown Ranch	966	(66)	900
Rabbit Lake	5,717	(4,775)	942
Ruby Ranch	167	—	167
Ruth	365	—	365
Shirley Basin	1,132	—	1,132
Smith Ranch-Highland(2)	6,560	—	6,560
Tamarack	—	591	591
Total Inferred Resources	**335,625**	**18,223**	**353,848**

Notes:

1. Changes in reserves or resources, as applicable, include reassessment of geological data, results of information provided by mining and milling, and subsequent re-classification of reserves or resources, as applicable.
2. Smith Ranch, Highland, Reynolds Ranch and Northwest Unit are now reported under Smith Ranch – Highland as they are all part of the same operation.

Uranium Fuel Conversion Services

Market Background

Demand

The demand for UF_6 conversion services is directly linked to the level of electricity generated by light water moderated nuclear power plants. The demand for UO_2 conversion services is linked to the level of electricity generated by heavy water moderated nuclear power plants such as CANDU reactors.

Cameco estimates world demand for UF_6 and natural UO_2 conversion services to be about 65 million kgU in 2009. Western world demand accounted for about 57 million kgU, with the remaining 8 million kgU coming from Russia, China and Eastern Europe. In 2010, total world conversion services demand is expected to increase by about 5%.

Most utilities operating nuclear reactors purchase their uranium requirements in the form of concentrates directly from mining and milling operators. The uranium contained in the concentrates is refined and converted to fuel grade UO_2 or to UF_6 for enrichment. The enriched UF_6 is then converted to enriched UO_2. The natural UO_2 and enriched UO_2 are fabricated into pellets and loaded into fuel bundles for eventual use in nuclear reactors.

Supply

The western world UF_6 conversion industry consists of Cameco and three other significant producers with an annual conversion nameplate capacity of about 51 million kilograms of uranium. Cameco is the only commercial supplier of conversion for natural UO_2 customers in the western world.

In March 2005, Cameco entered into a 10-year toll-conversion agreement with BNFL (now Springfields Fuels Ltd. ("SFL")). Under the agreement, a base quantity of 5 million kilograms of uranium as UO_3, supplied by Cameco's Blind River operation, is to be converted annually into UF_6 by SFL's U.K. plant. Due to this agreement, the plant, which has a nameplate capacity of 6 million kilograms of uranium, is expected to remain in operation through 2016. Cameco entered into a number of long-term contracts for significant volumes of conversion services to base load this agreement. SFL,

coupled with Cameco's Port Hope UF_6 conversion plant, accounts for about 35% of western world UF_6 nameplate conversion capacity.

Supplies of UF_6 are also available from secondary sources including excess western inventories, Russian inventory sales in the form of LEU, re-enriched depleted tails in the form of UF_6 and Russian and US uranium derived from dismantling nuclear weapons. These sources are discussed in more detail in *Uranium Concentrates Business*.

Russia supplies most of the UF_6 conversion requirements of the former Soviet Union and Eastern Europe in the form of LEU. Russia has not been a significant supplier of toll conversion services to the western world due to the level of integration in the Russian nuclear fuel cycle.

Prices

Cameco competes on the basis of price, location and service with two other full-scale commercial suppliers of conversion services in the western world and with the secondary supplies mentioned above.

Similar to their procurement of uranium requirements, utilities secure a substantial percentage of their conversion service requirements by entering into long-term contracts with primary conversion service providers. Prices are established by a number of methods, including fixed prices adjusted by inflation indices and market referenced prices (spot or long term price indicators). Contracts can also contain floor prices, ceiling prices and other negotiated provisions that affect the price ultimately paid. Fixed price contracts with adjustment for inflation are by far the most common.

Marketing of Conversion Services

UF_6

Cameco's marketing strategy for UF_6 conversion services is similar to that for uranium concentrates. Cameco sells its services directly to utilities located in many parts of the world primarily through long-term contracts. Cameco currently has UF_6 conversion services commitments of about 92 million kilograms of uranium with about 50 customers worldwide under long-term contracts. Cameco's five largest customers account for approximately 38% of these commitments. 51% of Cameco's committed UF_6 conversion services volume is to purchasers in the Americas, 26% in the Far East and 23% in Europe.

At December 31, 2009, the majority of the UF_6 conversion services commitments are under contracts that contain fixed prices with inflation escalators. Therefore, in the short term Cameco's financial results are relatively insensitive to changes in the spot price for conversion.

UO_2

Cameco is the only commercial supplier of UO_2 for CANDU reactors operated in Canada by Bruce Power, OPG, NB Power and Hydro Quebec. Cameco also exports UO_2 to South Korea and, occasionally, to Romania for its CANDU reactors and to the United States and Japan for use as blanket fuel in boiling water reactors.

Operations

Cameco owns and operates Canada's only uranium refinery and conversion facilities. Cameco has a uranium refining facility within close proximity to Lake Huron and approximately eight kilometres west of Blind River, Ontario (approximately 600 kilometres north-west of Toronto, Ontario). Blind River has a population of about 4,000. Cameco also has two conversion plants within the Municipality of Port Hope, Ontario (pop. approx. 16,000) approximately 100 kilometres east of Toronto, on the shore of Lake Ontario.

Cameco Fuel Manufacturing Inc. ("CFM") is one of two Canadian commercial suppliers of fuel manufacturing services for CANDU reactors. CFM's plants are located in Port Hope for the manufacture of fuel bundles and in Cobourg,

Ontario, for the manufacture of zirconium parts for fuel bundles and various reactors parts. CFM's Cobourg plant is 10 kilometres east of its Port Hope plant.

Cameco's Blind River refinery and Port Hope conversion facilities and the CFM plant in Port Hope were re-licensed by the CNSC for a five-year period that commenced on March 1, 2007.

Blind River — Refining

The Blind River facility has an annual licensed capacity of 18 million kilograms of uranium as UO_3. It includes a uranium refinery, a large storage area for uranium concentrates, and weighing and sampling facilities. The Blind River facility refines uranium concentrates into nuclear grade UO_3. Nearly all of the UO_3 is shipped to Port Hope for conversion into either UF_6 or UO_2 or to Springfields, UK for conversion into UF_6 (see *Uranium Fuel Conversion Services — Market Background — Supply* above for details of the Springfields arrangement). A small quantity of UO_3 is supplied to others for blending with enriched uranium to produce reactor fuel.

Blind River produced 12.9 million kgU of UO_3 in 2009 compared to 10.6 million kgU in 2008. As in 2008, Cameco continued to limit production of UO_3 in 2009 because UF_6 production at Port Hope was suspended until June 2009. Production in the first half of 2009 was also impacted by the limited supply of uranium feed.

The uranium concentrate inventory stored at Blind River has been declining over the past several years and is now causing changes to the refinery's customary operating schedule. In the past, many customers stored large inventories at the Blind River facility, providing ample feedstock. Customers now hold virtually no inventory as concentrates and provide the feedstock on a just-in-time basis. Accordingly, the Blind River refinery may be subject to more shutdowns as Cameco manages production to match the delivery of uranium feed. This, in turn, could impact the supply of UO_3 feed for the conversion facilities at Port Hope and impacts those operations as well.

The EA for the proposed increase in the Blind River licensed production capacity from 18 to 24 million kgU per year was approved by the CNSC in the fall of 2008. A written request for a licence amendment was submitted to the regulators in December 2008. Once Cameco receives regulatory approval to increase annual capacity to 24 million kgU per year, construction to increase the capacity will begin.

Port Hope — Conversion

The Port Hope conversion plants produce natural UO_2 and natural UF_6. In 2009, the plants, together with SFL and CFM, produced 12.3 million kilograms of uranium. The UO_2 plant is licensed for 2.8 million kilograms of uranium per year and produces UO_2 used as fuel in Canadian and other CANDU reactors, as well as blanket fuel for light water nuclear reactors. The UF_6 plant, licensed for 12.5 million kilograms of uranium per year, converts UO_3 to UF_6. The UF_6 is then shipped to enrichment plants in the United States, Europe and Japan for further processing to low enriched UF_6 prior to conversion to enriched UO_2, which is used as reactor fuel for light water nuclear reactors.

In July 2007, contamination of the soil and groundwater under the Port Hope UF_6 plant was discovered. Production of UF_6 was suspended to allow a comprehensive investigation. Production of UO_2 was not affected.

Cameco received regulatory approval and restarted the UF_6 plant in late September 2008 after making significant upgrades to structures and equipment related to liquid management practices. In late November 2008, Cameco once again suspended UF_6 production because it was unable to resolve a contract dispute and obtain commercially viable supplies of hydrofluoric acid (HF) from its sole supplier. Also because of logistical issues, alternative supplies could not be quickly established. UF_6 production resumed in June 2009. Cameco signed an HF supply agreement with its original supplier as well as two additional suppliers to broaden its source of supply.

Cameco has completed a site-wide environmental investigation of subsurface contamination and a site-wide risk assessment to identify contaminants that could pose a potential risk to the environment. The assessment was completed in the second quarter of 2009. It was used to guide the completion of an environmental management plan to assure that corrective actions, largely in place already, mitigate potential risks. The findings of a risk assessment and the low

concentrations of contaminants in the soil and groundwater outside the footprint of the UF_6 plant, indicate that the health and safety of employees and the public have not been and will not be adversely affected.

The UO_2 plant restarted in mid-January 2009 after being shut down for an extended planned maintenance period. Floors and in-floor structures have been brought up to the new standards of the UF_6 plant.

Cameco's Port Hope conversion facility project (Vision 2010) proposes to further remediate and modernize the Port Hope conversion facility site. The federal Minister of Environment has approved the guidelines for a comprehensive environmental assessment for the project. Work on this environmental assessment continues. A licence amendment will be required following acceptance of the environmental assessment. Design and preliminary engineering for the project continues.

Cameco Fuel Manufacturing Inc. (renamed from Zircatec) — Fuel Fabrication

Cameco purchased Zircatec on February 1, 2006 for $109 million and has since changed its name to Cameco Fuel Manufacturing Inc. Its primary business is to fabricate fuel bundles for sale to companies that generate electricity from CANDU reactors.

In Port Hope, Ontario, CFM's plant presses UO_2 powder into pellets that are loaded into tubes and then assembled into fuel bundles. These bundles are ready to insert into a CANDU reactor core. The fuel bundles are supplied to customers who operate CANDU reactors. The plant's annual capacity is approximately 1,200 tonnes uranium as finished fuel.

CFM has two fuel manufacturing services agreements covering all of BPLP's and BALP's fuel manufacturing requirements until 2018 for BPLP and until 2030 for BALP. Under these agreements, CFM will manufacture UO_2 provided by Cameco into fuel bundles for the Bruce A and B units.

Cameco has agreements with BALP for the supply of fuel bundles containing both natural and slightly enriched uranium (SEU). In 2009, construction of the SEU production line was suspended at BALP's request (see *Bruce Power LP — The Generating Facilities — New Fuel Program* below).

In Cobourg, Ontario, CFM operates a facility where the primary product is zirconium tubing, an integral part of nuclear fuel bundles. The plant also manufactures various CANDU components and monitoring equipment.

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

Environmental Matters

Overview of Impacts

By their nature, Cameco's mining and uranium refining and conversion operations affect the environment. The Company's objective is to minimize that effect. In its operations, Cameco seeks to protect the environment by limiting emissions and managing wastes to attain levels as low as reasonably achievable, social and economic factors taken into account. This is commonly called the ALARA principle. Cameco monitors and measures the key characteristics of its operations and identifies those aspects that have or may have a significant effect upon the environment. Cameco's operations are subject to stringent government regulation relating to the protection of the environment, including requirements for reclamation and decommissioning of its operating sites.

Cameco's ten mining, milling and processing facilities disturb approximately 30 square kilometres of land. Considering the energy potential of the products of these sites, Cameco's operations affect a much smaller fraction of land compared to what would be required to generate the same amount of energy using other technologies. Cameco's mining operations in northern Saskatchewan are underground mines and therefore the surface land impact is minimized. In the US and Kazakhstan, Cameco uses ISR mining to extract uranium from underground non-potable, brackish aquifers and therefore

surface impact is minimal. Conceptual decommissioning plans, which incorporate environmental evaluation, are in place for all of the Company's operating sites.

The Company also seeks to maximize the lifespan of its operating sites to minimize environmental impacts. To that end, Cameco is planning to invest in the revitalization of its Key Lake and Rabbit Lake mills, which have been in operation for 27 and 35 years respectively.

The Company seeks to continue its efforts to improve the management of process water and the effect upon receiving water bodies by upgrading its operating processes and adopting new technologies consistent with the ALARA principle. Historical accumulation and continued release of molybdenum and selenium have been identified as having the potential to cause adverse effects to the environment. Cameco is reducing the concentrations of molybdenum and selenium in the effluent released from Cameco's northern Saskatchewan operations.

At Key Lake, to address these concerns of potential effect, Cameco proposed an action plan to the CNSC to reduce molybdenum and selenium discharges in the mill effluent. The action plan was agreed to by the CNSC and was subsequently included as a condition in the Key Lake facility operating licence. This action plan has been implemented. Based upon work conducted in 2009, release of both metals to the environment is now controlled at reduced concentrations.

At McArthur River, the Company is taking proactive steps to reduce molybdenum that is discharged to the environment ahead of regulatory limits that may be imposed. Early in the start up of the McArthur River operation, Cameco recognized that the three shafts at the site produced quantities of water that would exceed the needs of the underground operations. Capture of the shaft seepage eliminated the need to pipe surface water down for underground mining activities. The shafts produce water of good quality, and at shaft three, the water quality has been assessed and approved for discharge to the environment, without treatment.

In 2009, Cameco put in place the system to directly discharge to the environment all excess ground water picked up in shaft three, thereby preventing that source of water from contacting underground processes. As a result, molybdenum loadings were reduced. In addition, Cameco is targeting to have excess water from the other shafts sent in a more direct manner to the surface effluent treatment plant. These actions are expected to reduce effluent treatment volume and reduce the molybdenum concentration in the effluent.

At Rabbit Lake, a $41 million project to reduce discharges of molybdenum and selenium was completed in 2009. In addition, in 2006, Cameco installed a $5 million water treatment circuit to reduce uranium in its discharges, which has been very successful in reducing uranium concentrations beginning in 2007. Uranium loadings were reduced by a factor of 10 in 2007 compared to pre-2004 levels. An environment monitoring program has been developed with provincial and federal regulators to verify that improvements made in the mill effluent treatment process will result in improvements in the receiving environment.

In July 2007, contamination of the soil and groundwater under the Port Hope UF_6 plant were discovered and Cameco suspended operation of the plant to conduct an investigation. See *Nuclear Business — Uranium Fuel Conversion Services — Operations* for a discussion of the environmental effect of the incident and the actions Cameco has taken in response to this incident and to resume operation of the Port Hope UF_6 conversion plant.

The UO_2 plant was restarted in mid-January 2009 after being shut down for an extended planned maintenance period. Floors and in-floor structures were brought up to the new standards of the UF_6 plant. During the work, it was found that a sump had been leaking and appeared to be the source of some localized contaminated ground water that a previous assessment identified. A new groundwater collection well was installed adjacent to the UO_2 plant and its effectiveness in controlling contaminated groundwater continues to be assessed.

It cost about $14 million to remediate the contaminated soil and groundwater contamination from the Port Hope UF_6 plant. As well, Cameco spent $50 million on improvements to the UF_6 and UO_2 plants.

At Rabbit Lake, in early 2008, uranium in groundwater seepage was detected in an excavation for a new effluent treatment circuit adjacent to the mill. Concrete repairs and restoration of various containment areas in the mill were carried out. It was determined that the uranium in groundwater seepage was localized to the immediate vicinity of the mill where

it was detected, and that the nearby RLITMF afforded regional control as groundwater near the mill flows to the facility.

The ISR method employed in the US involves extraction of uranium from underground non-potable aquifers by dissolving the uranium with a carbonate-based water solution and pumping it to a processing facility on the surface. The ISR method employed in Kazakhstan by JV Inkai uses an acid in the mining solution. The injection and recovery system at Inkai is engineered to prevent migration of the mining solution to the higher purity water aquifer above the ore body.

Cameco seeks to reduce its emissions to the air. At Port Hope, emissions of uranium and hydrofluoric acid to the air have been reduced through installation of new equipment and changes to operating procedures. McArthur River has a large refrigeration plant used in connection with underground freezing. This plant uses refrigerants other than ozone-depleting chemicals that harm the earth's atmosphere.

The most current data (2007) indicates Cameco's greenhouse gas (GHG) emissions of CO_2 equivalent (CO_2e) were about 387,000 tonnes compared to 405,000 tonnes in 2006. GHGs include carbon dioxide, methane, nitrous oxide, sulphur hexafluoride, hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). To quantify GHGs, Cameco follows the general guidelines as outlined by the Intergovernmental Panel on Climate Change.

GHG emissions decreased somewhat in 2007 due to substantially reduced activities at Cigar Lake and at Port Hope with cessation of UF_6 production activities and the remediation of the UF_6 plant. GHG emissions may increase in the next few years, as remediation activities progress at Cigar Lake and as the UF_6 plant returns to operation. A significant portion of the Company's calculated GHG emissions is due to electricity consumption that is provided by third-party generators.

The greatest volume of waste produced on a routine basis is tailings and waste rock from Cameco's mines and mills in northern Saskatchewan. Mill tailings at Rabbit Lake and Key Lake are treated to stabilize contaminants and then deposited in engineered tailings management facilities. These facilities are constructed within mined-out open pits near the mills. To ensure that tailings are isolated from the surrounding environment, during production, groundwater and surface water are diverted around the facilities, monitored, and treated if necessary. Similarly, all runoff and seepage water from waste rock piles are monitored and treated as required. Some waste rock has been stockpiled as blend material for high grade ores and is being processed through the mill. Other waste rock piles will be contoured and revegetated in-place prior to site decommissioning. Once the facilities are decommissioned, the groundwater will be monitored to ensure that the designed low environmental impact is assured.

The 2009 reportable environmental events were 27, lower than the 29 in 2008, but still above Cameco's long-term annual average. There were no significant environmental incidents in 2009.

Like other large industrial organizations, Cameco utilizes chemicals in its operations that could be hazardous to health and the environment if handled incorrectly. Employees are trained in the proper use of hazardous substances and in emergency response techniques.

Cameco seeks to improve communication, on environmental and other matters, with communities in northern Saskatchewan and Ontario who are impacted by its activities. In northern Saskatchewan, the Company organized the Athabasca Working Group in 1993. The Company also cooperates with the northern community environmental quality committees organized by the province of Saskatchewan. At its fuel services sites in Ontario, Cameco also conducts regular environment-focused community liaison activities.

Cameco Policies

The Company has a safety, health and environment committee of the board of directors, which oversees Cameco's environmental policies and programs and environmental performance.

Cameco's safety, health, environment, and quality policy is found on Cameco's website. The policy contains a statement of Cameco's environmental principles and a description of how these principles are to be implemented, including through seven corporate safety, health, environment and quality (SHEQ) programs under Cameco's management system.

This policy was developed in order to address changing regulatory and industry standards. In early 2009, the safety, health, environment, and quality policy was revised to reflect Cameco's commitment to environmental leadership (EL). Cameco has had environmental, safety and health policies in place since 1991 and has continued to refine its approach to ensure policies, programs and procedures are in place and appropriate as part of an overall integrated management system. To further enhance this direction, Cameco has been benchmarking its management system against those used in the nuclear power generation sector.

Among other things, this policy provides that Cameco is striving to be a leading performer through a strong safety culture and through the commitment to the following principles: keeping risks at levels as low as reasonably achievable; preventing pollution; complying with and moving beyond legal compliance requirements; ensuring quality of processes, products and services; and continually improving Cameco's overall performance.

Cameco reinforced its commitment to EL in 2008 with the establishment of EL as one of four strategic priorities in its operations group. A team of specialists was assembled to implement its long-term environmental performance improvement plan. The Company's plan is to reduce the environmental impacts in all aspects of its business, including those related to air, water, waste, land use, energy and greenhouse gases. Nine EL key performance indicators (KPIs) were approved and a system developed and implemented to track, monitor and report performance. The Company's performance profile was prepared for the past three years and communicated in its sustainable development report, which was posted on Cameco's web site in late 2008. EL was also integrated into the company's SHEQ management system and major project planning process.

Cameco Programs

Cameco's SHEQ management system for implementing its safety, health, environment, and quality policy includes seven programs that articulate what is expected from Cameco sites when undertaking actions to fulfill commitments contained in this policy and set out a course of activities to be undertaken to implement this policy. These seven programs are: quality management program; safety and health management program; radiation protection program; environment management program; management system audit program; emergency preparedness and response program; and contractor management program. For 2009, $92 million was invested in environmental protection, monitoring and assessment programs while $34 million was directed to health and safety programs.

This system reinforces the Company's commitment to ongoing management of environmental risks and is structured to be compatible with the requirements of ISO 14001. The ISO 14000 series provides a set of internationally accepted standards that assist companies in the development of environmental management systems, which in turn enhance environmental and corporate performance through quality and process improvements. Port Hope conversion facility, Blind River, Key Lake, McArthur River, Smith Ranch-Highland, Crow Butte and Inkai operations have been ISO 14001 certified.

Cameco's environment, safety and health efforts are both corporate and site-based. There is divisional level support for the Mining, Fuel Services and Cameco Resources divisions in SHEQ and related technical support matters. Operational SHEQ activity is designed to further enhance consistent application of SHEQ policies and procedures, focusing on divisional-level consistency. The corporate SHEQ function integrates all aspects of the SHEQ management system under one group and provides additional support to manage and coordinate the Company's environmental assessment function. The SHEQ audit function is integrated with other internal audit functions within the organization.

Under Cameco's management system audit program, sites perform internal audits of their SHEQ management system to ensure conformance to policies, programs and standards and compliance with regulatory requirements. In addition, Cameco conducts regular SHEQ audits of its sites through the corporate internal audit department. In practice, this typically results in corporate audits at each operating site every 18-24 months and audits at every construction or developmental site every 12 months. The purpose of the corporate audit program is to assess compliance with applicable laws, regulations, permit requirements, and with the Company's environmental (SHEQ) related policies and programs and site performance in reducing risk and managing requirements.

Regulatory Compliance

Cameco's business is subject to a wide variety of laws and regulations regarding environmental matters and the management of hazardous wastes and materials, including those of general application to environmental matters and those specifically associated with mining and the nuclear sector. Changes in environmental laws and regulations or more stringent application of existing standards often occur, promoting continual improvement in the SHEQ aspects of the Company's business. This can result in additional expense, capital expenditures, limitations or delays in the exploration, development, operation or decommissioning of the Company's properties, which could have a material adverse impact upon Cameco.

Governmental approvals and legislation address, among other things, the environmental impact of mining and uranium processing operations. Legislation and regulation in various jurisdictions establish system performance standards, air and water quality emission standards and guidelines, and other design or operational requirements for various SHEQ components of operations. Legislation and regulations also establish requirements for decommissioning and reclamation following the cessation of operations and may require that some former mining properties be actively managed for a long time.

Below is a discussion of the environmental regulation of Cameco's Canadian and US operations. Please see the Inkai and Bruce Power sections of this Annual Information Form for a discussion of the environmental regulation of their respective operations.

Canadian Regulatory Compliance

In Canada, environmental matters related to Cameco's operations are the subject of ongoing public scrutiny as well as regulatory oversight by the CNSC, the SMOE, the Ontario Ministry of the Environment ("OMOE"), Environment Canada, and the federal Department of Fisheries and Oceans.

Potentially significant environmental performance improvement challenges relate to the application of more stringent controls on fugitive uranium emissions from ventilation systems at fuel services facilities and reduced effluent chemical loadings from Cameco's Saskatchewan mine and mill sites. In the case of effluent chemical loadings, the current focus centers on reducing molybdenum and selenium loadings through additional chemical treatment techniques. Other current performance improvement areas are associated with improved control of groundwater migration from facilities, firefighting and emergency response requirements, and decisions arising from the evaluation of substances carried out under the *Canadian Environmental Protection Act*, 1999 ("CEPA"). Ongoing changes to the regulatory framework may also require additional response and expenditures by Cameco.

New initiatives have and likely will continue to generate additional environmental studies in the vicinity of these operations. This is particularly evident in the area of pre-licensing environmental assessment, where studies typically set the stage for future regulatory obligations on the Company. Regulatory expectations of the CNSC and of other federal and provincial regulators continue to evolve, and this can reasonably be expected to continue in pursuit of improved SHEQ performance.

OMOE Proposed Uranium-in-Air Standard

At the end of July 2009, the OMOE published a series of nine amendments to Ontario Regulation 419/05 (Air Pollution — Local Air Quality) that update or introduce new air quality standards. The proposed amendments include a new standard for uranium in air. These standards can be used directly by the OMOE as compliance and enforcement tools. There was a 60-day comment period for these proposed amendments.

Since the close of the comment period, the OMOE has held a series of stakeholder meetings in late 2009 and early 2010. Cameco has been actively involved in the consultation meetings and continues to advance that the scientifically defensible standard is higher and more consistent with the World Health Organization's standard.

Cameco's current assessment is this is not expected to be material to its Ontario operations.

Saskatchewan Environmental Legislation Review

The province of Saskatchewan is adopting a new, results-based model for environmental regulation. The SMOE indicates it "will improve protection of the environment, while promoting innovative new tools in environmental management." At the end of November 2009, the Saskatchewan Minister of the Environment introduced to the provincial legislature the *Environmental Management and Protection Act, 2009*, along with amendments to the *Environmental Assessment Act* and the *Forest Resources Management Act*, which sets the stage for the adoption of a results-based environmental regulatory framework for Saskatchewan.

Cameco has actively participated in all three rounds of consultation on the proposed changes. Cameco will continue to participate in the development of the Environmental Code, which will be the trigger for bringing the legislative amendments into effect.

Cameco's current assessment is this is not expected to be material to its Saskatchewan operations.

CNSC

Cameco is subject to stringent regulatory oversight by its main regulator, the CNSC, an independent commission established by the federal government under the Nuclear Safety and Control Act ("NSCA"). The CNSC regulates Cameco's compliance with the requirements of the NSCA, as well fulfilling environmental assessment obligations under the CEAA. Obtaining regulatory approvals, including for licence renewals and changes in operating practices, can take significant time due to the nature of the approval process, which at times can require an environmental assessment or extensive review of supporting technical data as well as supporting management programs and procedures. Cameco strives to improve both the quality and effectiveness of its regulatory approval proposals and submissions. This, coupled with programs and initiatives to ensure compliance with regulatory requirements, has resulted in significant capital expenditures and increases in operating costs.

In recent years, when auditing Cameco operations, the CNSC has put a priority on assessment of specific SHEQ programs. These have included such aspects as: radiation protection programs; environmental monitoring; fire protection; operational quality assurance; organization and management systems effectiveness; transportation systems; geotechnical monitoring; training; and ventilation systems. Regulatory review of program implementation effectiveness, as well as evaluation of safety culture and related human factors, are becoming more prevalent as the SHEQ systems mature. These system effectiveness and program-specific audits and regular site inspections by regulatory project officers have generated, and are intended to continue to generate, actions to improve SHEQ performance. The resulting program modifications are typically procedural and do not incur large capital costs; however, they are significant in terms of how these systems are applied and do result in increases in operating costs.

US Regulatory Compliance

Cameco US subsidiaries' ISR operations are subject to a wide variety of federal, state and local regulations, governing among other things, air emissions, water discharges, hazardous materials handling and disposal, and site reclamation.

Through the US Nuclear Regulatory Commission ("NRC") and state environmental agencies, Cameco's US ISR subsidiaries mine permitting and licensing activities are subject to comprehensive environmental regulation. The mine permitting and licensing process typically takes several years to complete and requires the completion of environmental assessment reports. Public hearings and public comments are included in the process. In the past, they have been successful in obtaining the necessary permits and licences to ensure sufficient mineral reserves are available to meet production plans.

After mining has been completed, an ISR well field must be restored in accordance with regulatory requirements. Generally, this involves restoring the groundwater to its pre-mining use or equivalent class of use water standard. Restoration of Crow Butte well fields is regulated by the Nebraska Department of Environmental Quality ("NDEQ") and

the NRC and restoration of Smith Ranch-Highland well fields is regulated by the Wyoming Department of Environmental Quality ("WDEQ") and NRC.

Crow Butte has four well fields under restoration. At mine unit #1, the groundwater has been restored to pre-mining quality standards and all of the wells plugged and piping removed. The other three well fields are in active restoration. $28.9 million (US) is the estimated cost of decommissioning the property.

Crow Butte has provided a $28.9 million (US) letter of credit to the State of Nebraska as security for decommissioning the property.

Smith Ranch-Highland has three well fields under restoration (Mine Unit 1, C-Well field and D-Well field) and two well fields (A and B Well fields) that have been restored. At the A-Well field, the groundwater has been restored to pre-mining quality standards and the area continues to be monitored for post-restoration environmental performance. At the B-Well field, groundwater has been restored and this restoration has been approved by the WDEQ. Regulatory approval has not yet been received from the NRC.

$100.4 million (US) is the estimated cost of decommissioning Smith-Ranch Highland but Cameco expects this number to increase in 2010 based on current discussions with the regulators. Letters of credit totalling $80.2 million (US) have been provided to the State of Wyoming as security for decommissioning Smith Ranch-Highland. The amount of the letters of credit will be increased to match any increase in the decommissioning estimate.

The time to acceptance for restoration of the remaining well fields is an important issue for Cameco subsidiaries' US ISR operations, since it remains uncertain when, and at what cost, these operations will be able to complete restoration of mined out ISR well fields to the required performance standard.

Decommissioning and Reclamation

Once the Company's reserves of a deposit have been exhausted or after processing activities have been permanently suspended, Cameco and its partners are required to decommission operating sites, including waste rock and tailings management facilities, and reclaim those areas affected by their activities, to the satisfaction of regulatory authorities.

Cameco's estimation of the future costs of decommissioning and reclamation costs is based upon the application of reclamation techniques, which are believed to be capable of generating reasonable environmental and radiological performance. The Company reviews these estimates for accounting purposes, as well as for licence renewal applications as required by regulatory agencies. Beginning in 1996, the Company has conducted regulatory required reviews of its conceptual decommissioning plans for all Canadian sites. These periodic reviews are typically done on a five-year basis, or at the time of an amendment to or renewal of an operating licence.

Decommissioning plans are accepted by regulators in terms of "conceptual approval". This involves acceptance by the regulators that the Company has proposed a reasonable decommissioning concept upon which cost estimates can be prepared for financial assurance obligations. As Cameco properties approach or go into decommissioning, further regulatory review of the detailed decommissioning plans may result in additional requirements, associated costs and financial assurances.

At the end of 2009, Cameco's estimate of the total decommissioning and reclamation costs, based on current operations to date, for its operating assets was $495 million, which is the undiscounted value of the obligation. At the end of 2009, Cameco's accounting provision for these costs totalled $297 million, which represents the present value of the $495 million mentioned above. Most of these expenditures are expected to be incurred at the end of the useful lives of the operations to which they relate. Therefore, the decommissioning and reclamation costs expected to be incurred over the next five years are not material.

Cameco provides financial assurances in the form of letters of credit (LCs), where required to regulatory authorities, for decommissioning and reclamation costs. Cameco's LCs issued in support of reclamation liabilities totalled $592 million at the end of 2009. Since 2001, all of Cameco's North American operations have had in place LCs providing financial assurance, which are aligned with preliminary plans for site-wide decommissioning. More specifically:

Saskatchewan — The decommissioning estimates (100% basis) for Rabbit Lake ($105.2 million), McArthur River ($36.1 million) and Key Lake ($120.7 million) were reviewed during relicensing proceedings in 2008 and were accepted by the CNSC. The amount of LCs filed with the Saskatchewan government as financial assurances for decommissioning the properties have been increased to match the decommissioning estimates for Key Lake, Rabbit Lake and McArthur River.

In addition, the decommissioning estimate for Cigar Lake is $27.7 million (100% basis). The amount of LCs filed with the regulators as financial assurances for decommissioning Cigar Lake have been increased to match the decommissioning estimate.

Ontario — Financial assurances for decommissioning in the form of LCs have been filed with the CNSC for Port Hope in the amount of $96 million, for Blind River in the amount of $36 million, and for CFM facilities in the amount of $18 million. The decommissioning estimates for these facilities were reviewed as part of the renewal of their CNSC licences in 2007.

Cameco's US operations — Please see *US Regulatory Compliance* above for the reclamation and decommissioning arrangements and LCs pertaining to their operations.

Please see the Inkai and Bruce Power sections of this Annual Information Form for a discussion of the reclamation and decommissioning arrangements pertaining to their operations.

Please also see Note 12 to the 2009 Financial Statements regarding Cameco's estimate of decommissioning and reclamation costs and related LCs.

Fuel Services Waste Management

Pursuant to the Reorganization of SMDC and ENL (now CEI), Cameco assumed the ownership and primary responsibility for the management of wastes existing at the time of the Reorganization ("Historical Waste") at the Port Hope Conversion Facility, the Blind River Refinery, the Port Granby Waste Management Facility and the Welcome Waste Management Facility ("Historical Facilities"), all located in Ontario. The Company assumed liability for the first $2 million of all costs in respect of any claim arising out of or related to the Historical Waste and all decommissioning and reclamation costs at the Historical Facilities and 23/98ths of the next $98 million of such costs. CEI retained liability for the balance of the costs up to $100 million and for all the costs in excess of $100 million, effectively capping Cameco's liability at $25 million.

On October 6, 2000, the government of Canada and certain Port Hope and area communities announced the signing of a "Principles of Understanding", establishing the framework for development of an agreement for the clean up, storage and long-term management of certain of the Historical Wastes. On June 19, 2001, the government of Canada announced that an agreement had been signed and that it would invest about $260 million over ten years to carry out the work. In July 2002, the government of Canada released the scope document for the projects to manage low-level radioactive waste for the long term in the Port Hope area — the Port Hope Area Initiative.

Pursuant to the Principles of Understanding, in March 2004, Cameco reached an agreement to transfer the Port Granby Waste Management Facility and Welcome Waste Management Facility to the government of Canada (with Atomic Energy Canada Limited (("AECL") as the licensee), which through its ownership of ENL indirectly owned these waste sites prior to 1988. As part of the transaction, the government has agreed to accept, without charge, approximately 150,000 cubic metres of Cameco owned low-level radioactive waste.

The government has also agreed to assume all liability for wastes located at these sites after taking ownership, subject to Cameco's obligation to complete its maximum contribution of $25 million towards management and decommissioning of Historical Wastes. Cameco had previously recognized this liability for its maximum contribution of $25 million toward the cost of managing this material, of which about $6 million has actually been spent to the end of 2009.

Both parts of the Port Hope Area Initiative, the Port Granby and Port Hope projects, have completed the environmental assessment process. With respect to the Port Hope project, which includes Historical Wastes located at the Welcome Waste Management Facility, following a one day public hearing, the CNSC announced a decision in September 2009

to issue to AECL a Waste Nuclear Substance Licence for this new facility that will be valid from the effective date of the land transfer of the Welcome Waste Management Facility.

Cameco has an agreement with Denison Mines Corporation for the processing of certain uranium-bearing by-products from Blind River and Port Hope at the White Mesa mill in Blanding, Utah. While this arrangement has addressed the accumulated inventory of by-products and is addressing current recycling requirements for these by-products, other outlets are being considered. More specifically, in 2001, a mill scale pilot test program of recycling these by-products at Cameco's Key Lake mill was completed and, in 2002, Cameco submitted a proposal to federal and provincial regulatory authorities for approval to recycle these by-products at the Key Lake mill. Provincial regulatory approval was received on February 21, 2003. Federal regulatory approval is still pending. Cameco must show that the reduction of the concentrations of molybdenum and selenium in the effluent released at the Key Lake mill is adequate before the CNSC can complete its evaluation of this proposal. Cameco plans to submit an updated EA to move this project forward.

Government Regulation

Cameco's business is subject to various levels of extensive governmental approvals and regulations that are amended from time to time. The Company is unable to predict what additional legislation or amendments may be proposed that might affect its business or when any proposals, if enacted, might become effective.

Outlined below are some of the more significant government controls and regulations that materially affect the Company's uranium business.

Treaty on the Non-Proliferation of Nuclear Weapons (the "NPT")

The NPT was established in 1970 and is an international treaty with the following objectives: to prevent the spread of nuclear weapons and weapons technology, to foster the peaceful uses of nuclear energy, and to further the goal of achieving general and complete disarmament. The NPT establishes a safeguards system under the responsibility of the IAEA. Almost all countries are signatories to the NPT, including Canada, the US, the United Kingdom and France. As Canada, the US and other jurisdictions signed the NPT, Cameco is subject to it and complies with IAEA requirements.

Canadian Uranium Industry Regulation

The Canadian federal government has recognized that the uranium industry has special importance in relation to the national interest and therefore regulates the industry through legislation, regulations and policy announcements. The regulations and policy announcements apply to any uranium property or plant in Canada that the CNSC may determine to be, or to have the capability of, producing or processing uranium for nuclear fuel application. The legislation and regulations require that the property or plant be owned legally and beneficially by a company incorporated in Canada.

Mine Ownership Restriction

Until March 3, 2010, the most recent expression of Canadian government policy on non-resident ownership of uranium mining properties was contained in a letter dated December 23, 1987 from the Minister of State (Forestry and Mines) to the Canadian uranium industry. The basic limit for non-resident ownership of uranium properties at the stage of first production is 49%. Resident ownership levels of less than 51% will be permitted if the property is in fact Canadian-controlled. Exceptions to the policy may be granted, subject to Cabinet approval, and will be provided only in cases where it is demonstrated that Canadian partners cannot be found.

On March 3, 2010, the Canadian government announced that it intends to liberalize the foreign investment restrictions on Canada's uranium mining sector. The government stated that it intends to "ensure that unnecessary regulation does not inhibit the growth of Canada's uranium mining industry by unduly restricting foreign investment".

Cameco Ownership Restriction

As part of the Canadian government regulation of the Canadian uranium mining industry, the *Eldorado Nuclear Limited Reorganization and Divestiture Act* imposes constraints on the issue, transfer and ownership, including joint ownership, of Cameco shares so as to prevent both residents and non-residents of Canada from owning or controlling more than a specified percentage of shares. Please see *Description of Securities — Restrictions on Ownership and Voting* for a description of the constraints imposed by this act.

Canadian Nuclear Safety and Control Act

In Canada, control of the mining, extraction, use and export of uranium is governed by the NSCA, a federal statute. The NSCA authorizes the CNSC to make regulations governing all aspects of the development and application of nuclear energy, including uranium mining, milling, conversion, fabrication and transportation. The NSCA grants the CNSC licensing authority for all nuclear activities in Canada. A person may only possess or dispose of nuclear substances and construct, operate and decommission its nuclear facilities in accordance with the terms and conditions of a CNSC licence. The licence specifies conditions that the licensees must satisfy in order to maintain the right to operate their nuclear facilities.

A fundamental principle in nuclear regulation is that the licensee bears the responsibility for safety, with the CNSC setting safety objectives and auditing the licensee's performance against the objectives. The regulations made under the NSCA include provisions dealing with facilities licence requirements, radiation protection, physical security for all nuclear facilities and the transport of radioactive materials. The CNSC has also issued guidance documents to assist licensees in complying with regulatory requirements such as decommissioning, emergency planning, and optimization of radiation protection measures.

The NSCA grants to the CNSC the power to act as a court of record, the right to require financial guarantees for nuclear waste management and decommissioning as a condition of granting a licence, order-making powers, and the right to impose monetary penalties. The NSCA also grants the CNSC power to require nuclear power plant operator re-certification and to set requirements for nuclear facility security measures. The NSCA also emphasizes environmental matters, including a requirement that licence applicants and licensees make adequate provision for the protection of the environment.

All of Cameco's Canadian operations are governed primarily by licences granted by the CNSC and are subject to all applicable federal statutes and regulations and to all laws of general application in the province where the operation is located, except to the extent that such laws conflict with the terms and conditions of the licence or applicable federal laws. Failure to comply with licence conditions or applicable statutes and regulations may result in orders being issued, which may cause operations to cease or be curtailed or may require installation of additional equipment, other remedial action or the incurring of additional capital or other expenditures to remain compliant. The Company may also be subject to prosecution (including criminal prosecution in some circumstances) if it fails to comply with such applicable statutes and regulations.

Uranium Export Regulation

The export of uranium is regulated by the Canadian federal government, which establishes nuclear energy policy. Cameco's uranium exports are required to have export licences and export permits granted by the CNSC and the Department of Foreign Affairs and International Trade, respectively, and such licences and permits are obtained by Cameco for all such exports.

US Uranium Industry Regulation

Uranium recovery in the US is primarily regulated by the NRC pursuant to the *Atomic Energy Act of 1954*, as amended. Its primary function is to ensure the protection of employees, the public and the environment from radioactive materials and it also regulates most aspects of the uranium recovery process. The NRC regulations pertaining to uranium recovery facilities are codified in Title 10 of the Code of Federal Regulations ("10 CFR"). The NRC issues Domestic Source

Material Licences pursuant to 10 CFR, Part 40. The review of a licence application is governed by the *National Environmental Policy Act* ("NEPA") which is implemented through 10 CFR, Part 51.

The uranium recovery industry in Wyoming is also regulated by the WDEQ, Land Quality Division ("LQD") pursuant to the *Wyoming Environmental Quality Act* ("WEQA") and the LQD Non-Coal Rules and Regulations arising from the WEQA. Pursuant to WEQA, the WDEQ issues a permit to mine which is administered by the LQD. In addition, the state administers a number of Environmental Protection Agency ("EPA") programs under the *Clean Air Act* and the *Clean Water Act*, some of which are incorporated into the LQD Non-Coal Rules and Regulations (for example the Underground Injection Control regulations under the *Clean Water Act*). Currently well field decommissioning is required to the pre-mining use standard in Wyoming.

Similarly, the uranium recovery industry in Nebraska is regulated by the NRC and the NDEQ pursuant to the *Nebraska Environmental Protection Act*. Pursuant to this act and the regulations made thereunder, the NDEQ issues a permit to mine. In Nebraska, well field groundwater restoration is required to the class of use water standard.

In all cases, failure to comply with NRC licence and/or state permit-to-mine conditions, or a failure to comply with other applicable rules and regulations, can bring enforcement action, which could result in an order to cease operations and other regulatory actions. NRC enforcement policy describes a progression of enforcement starting with a notice of violation and working through a pre-enforcement conference, fines, imprisonment and the barring of workers or contractors from working in the nuclear industry. Under state and federal law, criminal charges are possible if violations are deemed to be the result of criminal intent or action.

At Smith Ranch-Highland and Crow Butte, safety is regulated by the federal Occupational Safety and Health Administration.

Other agencies are involved in the regulation of the uranium recovery industry, either directly or indirectly, including the EPA, the Department of Transportation, the Bureau of Land Management, Department of Energy, the Department of Defense, the Army Corps of Engineers, and the US Fish and Wildlife Service, Nebraska Department of Health and Nebraska Department of Water Resources.

The export of uranium from the US and the movement of nuclear materials within the US are also regulated by the NRC. While specific sales contracts are not reviewed or approved, export licences for shipment of uranium outside the US are granted by the NRC.

Land Tenure

Saskatchewan Operations

Most of the Company's uranium reserves and resources are located in Saskatchewan. The right to explore for minerals is acquired by the Company in Saskatchewan under a mineral claim from the province of Saskatchewan (a "Mineral Claim"). The term of a Mineral Claim is two years, with the right to renew for successive one year periods. To maintain a Mineral Claim in good standing, generally, the holder must expend a prescribed amount on exploration. Excess expenditures can be applied to satisfy expenditure requirements for future claim years. Except for exploration purposes, a Mineral Claim does not grant the holder the right to mine minerals. A holder of a Mineral Claim in good standing has the right to convert a Mineral Claim into a crown lease. Surface exploration work of a Mineral Claim requires additional governmental approvals.

The right to mine minerals is acquired by the Company as a lessee under a mineral lease from the province of Saskatchewan (a "Crown Lease"). A Crown Lease is for a term of ten years, with a right to renew for successive ten- year terms in the absence of default by the lessee. The lessee is required to expend certain amounts for work during each year of a Crown Lease. A Crown Lease cannot be terminated except in the event of default or default under any of the provisions of *The Crown Minerals Act* (Saskatchewan) or regulations thereunder, including for prescribed environmental concerns. However, Crown Leases may be amended unilaterally by the lessor by an amendment to *The Crown Minerals Act* (Saskatchewan) or *The Mineral Disposition Regulations, 1986* (Saskatchewan).

The Company's surface facilities and mine shafts are located on lands owned by the province of Saskatchewan. The right to use and occupy the lands is acquired under a surface lease (a "Surface Lease") from the province of Saskatchewan. A Surface Lease is for a period of time, up to a maximum of 33 years, as is necessary to allow the lessee to operate its mine and thereafter to carry out the reclamation of the lands involved. Surface Leases are also used by the province of Saskatchewan as a mechanism to achieve certain environmental protection, radiation protection and socioeconomic objectives and as a result contain certain undertakings in this regard.

The Company's Saskatchewan uranium mining, milling and exploration properties are located on traditional lands of First Nations. Cameco has received formal demands from the English River First Nation (the "ERFN") and the Métis Nation of Saskatchewan to be consulted and accommodated with respect to development on aboriginal traditional lands, which is an expectation of all aboriginal groups in Northern Saskatchewan.

In February 2004, Cameco received correspondence from the ERFN asserting a right to be consulted with respect to the use of its traditional lands, which includes the McArthur River operations. In December 2006, Cameco received a copy of correspondence sent by the ERFN's legal counsel to various provincial government Ministers. In the correspondence, the ERFN indicated that if the government issued any further permits without appropriate consultation and notification, the ERFN would "take appropriate actions to prevent the permit holders from intruding on their property."

In January 2005, the Métis Nation of Saskatchewan made an assertion similar to that made by the ERFN. The Métis Nation also threatened non-violent civil disobedience that could have had a negative impact on Cameco's operations. In February 2005, the Métis Nation of Saskatchewan stated that, in order to pressure the Province of Saskatchewan to meet its demands, it would establish road blockades at junctions of certain provincial highways near Key Lake. As the threatened road blockades could have resulted in Cameco ceasing milling and mining operations at Key Lake and McArthur River, Cameco obtained an injunction from the Saskatchewan Court of Queen's Bench, prohibiting the Métis Nation of Saskatchewan from proceeding with the road blockade.

In addition, the ERFN has selected claims for Treaty Land Entitlement (TLE) designation that include the surface lands covering the Millennium uranium deposit. The Saskatchewan government rejected this selection (December 2008). However, the ERFN has challenged that rejection in the courts. Similarly, the Peter Ballantyne Cree Nation has selected lands under the TLE process that cover portions of the mineral claims held by the Dawn Lake joint venture, but the Province rejected this selection. The TLE process does not affect the rights of Cameco's mining joint ventures. However, it may impact the surface rights and benefits ultimately negotiated as part of the development of Millenium and Dawn Lake. Cameco is monitoring developments on the TLE land issue.

It is generally acknowledged that First Nation bands in northern Saskatchewan ceded title to most traditional lands in northern Saskatchewan in exchange for treaty benefits and reserve lands. However, First Nations in Saskatchewan continue to assert that their treaties are not an accurate record of their agreement with the Canadian government and that they did not cede title to the minerals when they ceded title to their traditional lands. Some First Nations dispute the fact that their ancestors ceded any title to the land at all. First Nations have launched a lawsuit in Alberta making a similar claim that they did not cede title to the oil and natural gas rights when they ceded title to their traditional lands. A similar lawsuit could be brought by First Nations in Saskatchewan.

Awareness of aboriginal claims and the legal issues associated with them is an integral part of exploration, development and mining in Canada and Cameco is committed to managing these issues effectively. While Cameco cannot by itself wholly fulfil the governments' duty to consult, Cameco expects that at least some of its initiatives vis-à-vis First Nations will be regarded as delegated 'procedural aspects' of the Province's duty to consult. However, in view of the legal and factual uncertainties, no assurance can be given that material adverse consequences will not arise in connection with First Nation and Métis title claims and related consultation issues.

US Operations

The Company's uranium reserves and resources in the US are held by subsidiaries and are located in Wyoming and Nebraska. The right to mine or develop minerals is acquired either by leases from the fee simple owners (private parties

or the state) or mining claims located on property owned by the US Federal Government. In addition, the Company's subsidiaries acquire surface leases that allow well field installation and operation to permit the mining of the uranium reserves by ISR methods.

Canadian Royalties and Certain Taxes

Cameco pays royalties to the province of Saskatchewan on the sale of uranium extracted from ore bodies within the province under the terms of Part III of the *Crown Mineral Royalty Schedule*, 1986 (Saskatchewan) (the "Schedule"), as amended. The Schedule provides for the calculation and payment of both a basic royalty and a tiered royalty. The basic royalty is equal to 5% of gross sales of uranium and is reduced by the Saskatchewan resource credit, which is equal to 1% of the gross sales of uranium.

The tiered royalty is an additional levy on the gross sales of uranium, which applies only when the sales price of uranium exceeds levels prescribed by the Schedule. Uranium sales subject to the tiered royalty are first reduced by capital allowances, as permitted by the Schedule, for new mine or mill construction and certain mill expansion. Additions of capital allowances for new mines and mills are determined using amounts prescribed by the Schedule based on the design capacity of the new facility, and not on the actual construction costs. The aggregate of the allowances less any allowance deductions determines the balance in the capital recovery bank (the "CRB"). When the allowable annual deduction from the CRB is fully maximized or the CRB is reduced to zero, tiered royalties become payable. Both the sales prices at which tiered royalties become payable and the CRB, as defined in the Schedule, are adjusted annually to reflect changes in the Canadian gross domestic product.

The tiered royalty is calculated on the positive difference between the sales price per pound of U_3O_8 and the prescribed prices according to the following:

	Tiered Royalty Rate	**Canadian Dollar ($/lb U_3O_8) Sales Price in Excess of:**	
	6%	$	17.82
Plus	4%	$	26.74
Plus	5%	$	35.65

The above sales prices are applicable to 2009 and are in Canadian dollars. The index value required to calculate 2010 rates is expected to be published in April 2010.

For example, if the sales price realized by Cameco was $40 per pound in Canadian dollars, the tiered royalty payable would be calculated as follows (assuming all capital allowances have been reduced to zero):

[6% x ($40.00 – $17.82) x pounds sold] + [4% x ($40.00 — $26.74) x pounds sold] + [5% x ($40.00 - $35.65) x pounds sold]

= $2.0787 x pounds sold

In 2007, Cameco's CRB was fully claimed and therefore Cameco was subject to tiered royalties starting in that year. _Cameco will be eligible for additional capital allowances, as permitted by the Schedule, once Cigar Lake commences production at which time Cameco expects to not pay tiered royalties until the additional allowances are fully exhausted.

Cameco is no longer subject to capital taxes on paid-up capital (as defined for capital tax purposes in the relevant provincial legislation) in respect of its Canadian operations. These taxes have been eliminated. As a resource corporation in Saskatchewan, Cameco pays a corporate resource surcharge of 3.0% of the value of resource sales.

Canadian Income Taxes

Cameco is subject to federal and provincial (Saskatchewan and Ontario) income tax in Canada. Current income tax expense for 2009 was $17 million.

Royalties are fully deductible for income tax purposes. For Ontario tax purposes, an additional tax is charged (at normal Ontario corporate tax rates) if the royalty deduction exceeds a notional Ontario resource allowance. Also, Cameco's Ontario fuel services operations and Bruce Power are eligible for the manufacturing and processing tax credit.

In 2008, as part of the ongoing annual audits of Cameco's Canadian tax returns, Canada Revenue Agency ("CRA") disputed the transfer pricing methodology used by Cameco and its wholly-owned Swiss subsidiary, Cameco Europe Ltd., in respect of sale and purchase agreements for uranium products for the years 2003 and 2004. Cameco believes it is likely that CRA will reassess Cameco's tax returns for the years 2005 through 2009 on a similar basis. Cameco's view is that CRA is incorrect and is contesting its position. In July 2009, Cameco filed its Notice of Appeal relating to the 2003 reassessment with the Tax Court of Canada. However, to reflect the uncertainties of CRA's appeals process and litigation, Cameco has decided to increase its reserve for uncertain tax positions by $9 million in 2009. Cameco believes that the ultimate resolution of this matter will not be material to its financial position, results of operations or liquidity over the period. However, an unfavourable outcome for the years 2003 to 2009 could be material to Cameco's financial position, results of operations or cash flows in the year(s) of resolution. See Note 18 to the 2009 Financial Statements.

US Taxes

In Wyoming and Nebraska, Cameco subsidiaries pay severance taxes and property taxes. The total of these taxes paid in 2009 was $3.7 million (US).

The Company's US subsidiaries are subject to US federal and state income tax. They may also be subject to Alternative Minimum Tax (AMT) at a rate of 20%. AMT paid in prior years may be carried forward indefinitely to be applied as a credit against future regular income taxes. Current income tax expense for 2009 was nil.

Kazakhstan Taxes

(See *Mining Properties — Inkai* above)

Employees

At December 31, 2009, Cameco and its subsidiaries had 3,150 employees (this number does not include JV Inkai employees). Of this total, 847 employees are represented by four separate locals of the United Steelworkers trade union. Following a three month strike at CFM in 2009, a new three-year collective agreement for the bargaining unit employees at CFM was signed, which expires on June 1, 2012. The collective agreement for the bargaining unit employees at the McArthur River and Key Lake operations expired on December 31, 2009 and negotiations for a new agreement are currently ongoing. The collective agreements for each of the two bargaining unit employees at the Port Hope conversion facility expire on June 30, 2010.

BRUCE POWER LP — NUCLEAR ELECTRICAL GENERATION

Overview

Business

Cameco, through subsidiaries, owns a 31.6% limited partnership interest in BPLP. BPLP's primary business is the generation and sale of electricity into the Ontario wholesale market. Electricity from the Bruce site is currently generated by four Bruce B and two Bruce A nuclear-powered units. The Bruce B nuclear units and two Bruce A units have capacity to supply about 20% of Ontario's electricity needs. As of October 31, 2005, BPLP was restructured and a new Bruce Power A Limited Partnership ("BALP") was formed to hold a sublease for the two Bruce A nuclear-powered units that have been operating and two additional Bruce A units that are presently undergoing refurbishment. Cameco no longer holds an interest in the four Bruce A units and does not have any ownership interest in BALP.

Nuclear generation harnesses the energy released during controlled nuclear fission reactions to produce steam that is used to drive turbines to generate electricity. Nuclear generation has two main advantages: it is a relatively low marginal-cost

production technology and it produces virtually no SOx, NOx, CO_2 or mercury. The latter advantage is increasing in significance as governments implement stricter air emission standards.

Nuclear stations have greater operational, maintenance, waste and decommissioning costs and have greater initial capital development costs than other generation technologies. This reflects the complexity of the technical processes that underlie nuclear power generation and additional design, security and safety precautions that are taken to protect the public from potential risks associated with nuclear operations. Offsetting these cost factors is the relatively low cost of nuclear fuel compared with fossil fuel costs. In general, BPLP's nuclear stations have a lower operating cost per megawatt-hour of electricity produced than fossil fuelled facilities.

Acquisition of Interest

In 2001, Cameco, through a subsidiary, acquired an initial 15% limited partnership interest in BPLP, an Ontario limited partnership, and directly acquired a 15% shareholding interest in Bruce Power Inc., the general partner of BPLP. BPLP concurrently entered into agreements with Ontario Power Generation Inc. ("OPG") and certain of its subsidiaries to lease and operate the Bruce A and B nuclear-powered units and related facilities located in south-western Ontario.

Subsequently, in February 2003, British Energy plc ("BE") sold a 79.8% limited partnership interest in BPLP to a consortium of Cameco, TransCanada PipeLines Limited ("TransCanada"), and BPC Generation Infrastructure Trust ("BPC"), a trust established by the Ontario Municipal Employees Retirement System. This brought Cameco's total indirect limited partnership interest in BPLP to 31.6%. Cameco concurrently increased its shareholding interest in Bruce Power Inc. from 15% to 33.3%. Cameco acquired these interests from an affiliate of BE and paid approximately $204 million.

Concurrently, TransCanada, through a subsidiary, and BPC each acquired a 31.6% limited partnership interest in BPLP and a 33 1/3% shareholding interest in Bruce Power Inc. from the same BE affiliate. The Power Workers' Union and The Society of Energy Professionals increased their collective limited partnership interest in BPLP to 5.2%, by acquiring BE's remaining 2.6% limited partnership interest in BPLP as part of the same transaction.

Following closing, Cameco continued as BPLP's fuel manager (see *Cameco Fuel Management* below).

2005 Bruce Power Restructuring

In October 2005, BPLP was restructured and concurrently announced a new arrangement with the Ontario government to increase output of the four Bruce A reactors. Under the restructuring agreements, BALP was formed and the four Bruce A reactors were subleased by BPLP to BALP.

Cameco maintained its 31.6% interest in BPLP, which is responsible for the overall management of the Bruce site and leases the four Bruce B reactors. BPLP received certain payments in consideration for entering into the sublease with BALP, for the assets transferred to BALP and for refurbishing and unit costs already incurred by BPLP. As a result, BPLP paid a special distribution to its limited partners of which Cameco received $200 million. Day to day operations at the Bruce Power site were unaffected by this reorganization.

Under the new restructuring agreements, the electricity output from the Bruce B units will continue to be sold primarily either into the Ontario spot market or directly to various customers under long-term, fixed price contracts, at the discretion of BPLP.

BPLP has an agreement with the Ontario government that extends to 2019. Under the agreement, output from the B reactors is supported by a floor price (currently $48.76/MWh) that is adjusted annually for inflation. Revenue is recognized monthly, based on the positive difference between the floor price and the spot price. BPLP does not have to repay the revenue to the extent that the floor price exceeds the average spot price for the year.

The agreement also provides for payment if the Independent Electricity System Operator reduces BPLP's generation because Ontario baseload generation is higher than required. The amount of the reduction is considered 'deemed generation', and BPLP is paid either the spot price or the floor price — whichever is higher.

During 2009, BPLP recognized revenue of $514 million under the agreement with the Ontario government.

Cameco's total commitment for financial assurances given on behalf of BPLP is estimated to be $230 million at December 31, 2009. These financial assurances include financial assurances given to the CNSC in support of BPLP's operating licence, guarantees in favour of OPG under the Lease (as defined below), and guarantees in support of BPLP's power purchase agreements with customers. This last commitment is subject to adjustment as the actual amounts of financial assurances in support of power purchase agreements will fluctuate in response to wholesale electricity market price changes. As at December 31, 2009, the actual exposure was $87 million. See Note 26 to the 2009 Financial Statements.

The BPLP partners have agreed that all future excess cash will be distributed on a monthly basis and that separate cash calls will be made for major capital projects.

Bruce Power-OPG Lease

In May 2001, BPLP signed agreements with OPG to lease and operate the Bruce A and B nuclear powered units and related facilities in south western Ontario. The initial lease period expires in 2018. BPLP has the right to extend the lease and certain related agreements for up to an additional 25 years. The lease was amended in January 2002, in 2003 as part of the 2003 acquisition from BE described above, and again in 2005 as part of the 2005 BPLP restructuring described above (as amended, the "Lease").

Under the Lease, decommissioning liabilities are the responsibility of OPG and are covered by the Lease payments. During the initial term, the Lease provides for limited adjustments to the base rent every five years. These limited adjustments are based on a maximum of 50% of the present value of any increase of the anticipated cost of decommissioning the Bruce Power facility discounted to January 1, 2001, determined using predetermined principles and assumptions.

In 2006, OPG completed its first five year review of the anticipated cost of decommissioning and proposed an increase to the annual base rate of $14.8 million over the remaining initial term of the Lease. BPLP disagreed with the proposal. In October 2008 the matter was resolved with no increase in the base rent payable unless one of the following events occurs: (i) a material event of default under the Lease prior to June 30, 2007; (ii) BPLP fails to renew the Lease past 2027; or (iii) BPLP terminates the Lease prematurely upon 12 months notice to OPG because it determines that the continued operation is no longer economically viable. If one of the events occurs, BPLP would be required to pay the increase in the annual base rent requested by OPG, including from prior years.

In addition to the base rent, annual supplemental rent, which is subject to escalation by inflation, per operating reactor is payable. In 2009, the aggregate of these rent payments was approximately $129 million. There are no adjustments to either base rent or supplemental rent with respect to used nuclear fuel liabilities during the initial term of the Lease. BPLP also has the right to terminate the Lease if the continuing operation of the facility is no longer economically viable, subject to a Lease termination fee of $175 million, certain ongoing operational requirements during handover and certain shut-down conditions prior to handover. Cameco has severally guaranteed BPLP's performance of these obligations.

The Generating Facilities

Overview

The Bruce nuclear generating stations, located approximately 250 kilometres northwest of Toronto on Lake Huron, consist of eight CANDU reactors. The four Bruce B reactors, with a combined net generating capacity of about 3,260 megawatts, were commissioned between 1984 and 1987. The four Bruce A reactors, with a combined generating capacity of about 3,000 megawatts, were commissioned between 1977 and 1979 and removed from service by OPG between 1995 and 1998. BPLP returned two of the Bruce A reactors to service, with a combined net generating capacity of 1,500 megawatts. As described above, in October 2005 BPLP was restructured and the four Bruce A reactors were subleased to BALP. Cameco does not have any ownership interest in BALP. An average capacity factor of 87% was achieved by BPLP during 2009, which was the same as that achieved in 2008.

In 2009, BPLP's capital expenditures were about $123 million. In 2010, this capital expenditure program is expected to total $130 million.

New Fuel Program

As part of its Bruce B power uprate project, BPLP had initiated plans to refuel the Bruce B units with modified fuel containing SEU and Blended Dysprosium Uranium ("BDU"). This refuelling was planned to commence in 2008, but now has been delayed, as outlined below. Prior to 2004, all of the four Bruce B units were operating at 90% of maximum power, based upon an operating limitation imposed by the CNSC. This limitation was placed on the reactors when studies revealed that emergency shutdown systems may not provide sufficient safety margins for certain low probability events. The operating limitation ensures that the necessary safety margin is maintained. The use of the modified fuel was intended to restore the safety margins of the reactors and allow them to operate at their design capacity. Currently, the Bruce B units are operating safely with reduced operating margins. The Bruce A1 and A2 units are scheduled to be restarted in 2012 and the initial fuel cores will be comprised entirely of fuel bundles containing natural uranium. In 2009, work on the implementation of the new fuel design was suspended. Bruce Power continues to evaluate alternative approaches that include modifications to the shutdown systems and minor modifications to the existing fuel design that will effectively address the issues noted above.

BPLP has successfully taken other steps to partially restore power rating at the Bruce B units. In 2004, the CNSC approved the operation of the Bruce B units at up to 93% maximum power on the basis of improved safety margins attributed to completion of the fuel core reordering program. Bruce B units 5, 6 and 7 have achieved this power uprate with Bruce B unit 8 scheduled for the first half of 2010.

While the delay in deployment of mitigating actions outlined above is not expected to result in any derating of the Bruce B reactors due to the low probability event margins, it remains possible that the units could experience significant derating in the future due to this issue. However, some small, marginal deratings are also possible to maintain the operating safety margins as the units continue to age.

Operating Life Assessment

The initial estimated operating life for Bruce's nuclear units was 30 years. OPG undertook a comprehensive inspection and testing program in order to ascertain the physical condition of its nuclear generating assets, including the Bruce units, and BPLP has continued that program, partially by way of contract with OPG. BPLP's current operating life estimates for the Bruce B units are based on the results of this program to date and on the previous operating history of the units. BPLP estimates that the operating life of Bruce B unit 8 will end about mid-2020. The operating life for the other three B units is expected to end during 2018 to 2019. BPLP is examining the possibility of extending the operating life of the Bruce B units.

BPLP has been assessing the condition of key components of the Bruce B units including its steam generators, fuel channels and feeder pipes. As of December 31, 2009, 100% of BPLP's steam generators (with 100% of the areas of the inner tubes likely to experience degradation) had been inspected and the present condition of these components has been ascertained with a reasonable degree of certainty. On the basis of the steam generator program inspection results, periodic cleaning, repairs and internal modifications have been deemed necessary to slow down the degradation rates and restore unit reliability. BPLP is implementing comprehensive operation and maintenance life cycle management plans for its units aimed at enabling the steam generators to operate for the expected life of the units. Current estimates of the steam generator life are within the estimated operating lives of the units. In 2003, inspections on Bruce B Unit 8 identified some erosion on support plates in three of the eight steam generators. Repairs were made and no damage to the boiler tubes was detected. Inspections on the other units have found no similar conditions and follow-up inspections on Unit 8 did not show any further significant degradation. Further inspections during 2009 confirmed that the mitigating actions taken to date appear to have been effective at arresting the erosion on these support plates.

Current inspections support the engineering assessment of the fuel channels lasting until the end of the estimated operating lives for the Bruce B units. In 2001, maintenance activities commenced to reposition the support springs in the fuel channels in order to ensure end of life projections are achieved. This corrective measure is also required for Bruce

Unit 8. Because this unit has tight fitting garter springs, new tooling to locate and move these springs is currently in development and targeted for implementation in 2012.

Feeder pipes are part of the system that transports the heat generated by the nuclear reactor to the steam generators, using the heavy water coolant. Thinning of feeder pipes occurs to varying degrees in all Bruce's reactors. Extensive inspections have been carried out to establish the current condition of the feeder pipes of the Bruce units. Feeder pipe thinning and degradation are phenomena common to CANDU reactors and is the subject of industry studies and monitoring. However, compared to other CANDU units, they have occurred to a lesser extent at Bruce B due to a combination of lower operating stresses and, to a limited extent, the derating of the units. The feeder pipes are not expected to limit the life of the units, although it is expected that some feeder pipes will require replacement. In addition, in order to extend the units operating lives, some feeder pipes may have to be replaced and upgraded.

Cracking of feeder pipes has been experienced at two CANDU plants located outside Ontario. The affected sections of pipe were replaced and the units were returned to service. BPLP has not experienced any feeder pipe cracking at any of its reactors but is carrying out inspections during planned outages. The scale of these inspections has been increased in response to these external events. BPLP is also participating in research and development with other CANDU operators to establish the degradation mechanisms.

CANDU Technology

The Bruce A and B units are CANDU reactors. CANDU is a pressurized-heavy-water, natural-uranium power reactor first designed in the 1960s by a consortium of Canadian government agencies and private industry. All commercial nuclear reactors in Canada use the CANDU technology. It is also the power-reactor product marketed by Canada abroad. CANDUs are currently operating in Ontario, Quebec, New Brunswick, Argentina, Romania, South Korea and China.

CANDU reactors are unique in their use of natural-uranium as fuel and deuterium oxide, or heavy water, as both a moderator to slow down the fission process and a heat transfer medium within the reactor. The refuelling system is also unique compared to light water reactors in that the CANDU reactors can be refuelled at full power. Notwithstanding that CANDU reactors can be refuelled without being shut down, the number of outage days per year for Bruce's CANDU reactors currently tends to be greater than the average number of outage days per year for light water reactors, primarily due to maintenance and repair work required for pressure tubes and feeders, which are not used in light water reactors.

All of the Bruce reactors have two physically separate and independent systems designed to shut down the reactor within two seconds of being activated. Each of these systems is independent of the primary control systems and includes multiple sensors for detecting emergency conditions. The Bruce reactors also have an emergency core coolant injection system, which would be activated in the event of a pipe break in the reactor coolant system. In addition, all of the Bruce reactors have a negative pressure containment system designed to keep radioactive material safely contained.

Employees

BPLP has approximately 3,700 employees. Most of them are unionized. The PWU and the Society of Energy Professionals Collective Agreements expire in December 2010. Under the 2005 restructuring agreements, all employees remain with BPLP and all employee costs are apportioned between BPLP and BALP.

Cameco Fuel Management

Cameco is BPLP's fuel manager. This includes the supply by Cameco of all uranium concentrates and UO_2 conversion services required for the Bruce B nuclear generating stations, making BPLP a significant customer for Cameco's core products. Cameco is also responsible to procure nuclear fuel for BALP. This includes the provision of UO_2 conversion services and the procurement or supply to BALP of a portion of its uranium concentrates.

CFM has two fuel manufacturing services agreements covering all of BPLP's and BALP's fuel manufacturing requirements until 2018 for BPLP and until 2030 for BALP. Under these agreements, CFM will manufacture UO_2 provided by Cameco into fuel bundles for the Bruce A and B units.

While CFM's Port Hope plant was being modified to produce fuel bundles containing SEU, at BALP's request these modifications have been put on hold. (see *Uranium Fuel Conversion Services — Operations* above).

OPG Services to Bruce Power

As part of the 2001 OPG-BPLP transaction, OPG agreed to provide certain services to BPLP. Some of these services are required in order for BPLP to comply with CNSC operating licences. The material short-term OPG services include fuel channel inspection and maintenance services. These services may be terminated upon 24 months prior notice by either BPLP or OPG. The material long-term OPG services include services relating to the supply, delivery and processing of heavy water for use in the Bruce nuclear units, low level and intermediate waste storage and disposal services, and collection and storage of used fuel bundles generated from the operation of the Bruce nuclear units as further described below in *Nuclear Waste Management and Decommissioning*.

Nuclear Waste Management and Decommissioning

As they operate, the Bruce nuclear units generate:

- used nuclear fuel bundles ("high-level radioactive waste");
- other material that has come in close contact with reactors but is less radioactive than used nuclear fuel bundles, such as ion exchange resins and other structural material and reactor equipment, including pressure tubes ("intermediate-level radioactive waste"); and
- material used in connection with station operation that is not highly radioactive ("low-level radioactive waste").

Used nuclear fuel bundles from the Bruce reactors are temporarily stored in water-filled pools ("wet bays") at the Bruce nuclear stations for a cooling off period of at least ten years during which their radioactivity substantially decreases. OPG has constructed a dry storage facility on a part of the Bruce site not leased to BPLP. After the cooling off period, used nuclear fuel bundles will be transferred to above ground concrete canisters at OPG's dry storage facility. In-station modifications to the Bruce B wet bays to support the loading of used nuclear fuel bundles into dry storage containers were completed in 2002. When originally constructed, the wet bays at Bruce A and B had sufficient capacity to store used nuclear fuel bundles for up to 15 to 20 years of operation. The Bruce B wet bays are at or near full capacity, but in 2003, OPG started transferring the used fuel bundles to its dry storage facility.

OPG assumes title to the used nuclear fuel bundles discharged from the Bruce reactors during the term of the Lease. At its expense, OPG is responsible for the disposal of these nuclear fuel bundles for which it receives a fee paid as supplemental rent under the Lease. OPG retains title to all used nuclear fuel bundles stored in the wet bays before May 11, 2001. While used nuclear fuel bundles are contained in the Bruce B wet bay, BPLP is responsible for their management. As noted in the above paragraph, in 2003 OPG started transferring the used fuel bundles to its dry storage facility.

During the term of the Lease, OPG has also agreed to take title to, store and dispose of all of BPLP's low and intermediate-level radioactive waste at OPG's radioactive waste management facility at the Bruce site. OPG retains title to all low and intermediate-level radioactive waste generated before May 11, 2001.

Under the Lease, OPG, as the owner of the Bruce nuclear plants, is responsible for decommissioning of the eight Bruce nuclear units and for funding and meeting other requirements relating thereto that the CNSC may require of Bruce Power as licensed operator of the Bruce nuclear plants. OPG is also responsible for managing radioactive waste associated with decommissioning of the Bruce nuclear plants.

There is no facility in Canada for the permanent disposal of used nuclear fuel. The *Nuclear Fuel Waste Act*, implementing the federal government's nuclear fuel waste management strategy, came into force in November 2002. As required by this legislation, owners of used nuclear fuel in Canada established the Nuclear Waste Management Organization ("NWMO") with a mandate to manage and co-ordinate the full range of activities relating to the long-term

management of used nuclear fuel. In late 2005, after a three year study, the NWMO presented its report and recommendations to the federal government on the long-term management of used nuclear fuel. The NWMO recommended adaptive phased management with the objective of centralizing all of Canada's used nuclear fuel in one location, and isolating and containing it deep underground in a suitable rock formation. In June 2007, the federal government announced it had accepted the NWMO's report and recommendations. The NWNO is commencing the design of a site-selection process. Throughout this process, the federal government will continue to provide oversight as required by the *Nuclear Fuel Waste Act*. In addition, this legislation also required the owners of used nuclear fuel, including OPG, to establish a trust fund with a Canadian financial institution and make specified deposits. As OPG is the owner of the used nuclear fuel bundles discharged from the Bruce units, it, not BPLP, is subject to these financial contribution requirements.

Federal Regulation

BPLP's operations are heavily regulated. The CNSC, an agency of the federal government, regulates construction, equipment, safety systems and operating limits for the Bruce nuclear generation stations through its powers under the NSCA (see *Government Regulation — Canadian Uranium Industry Regulation* above). Under licences issued by the CNSC, BPLP is required to report regularly on operations to the CNSC, which monitors the safety performance of the Bruce nuclear generating stations. In addition, BPLP is subject to the *Nuclear Liability Act* ("NLA"), as well as other legislation associated with labour and environmental matters.

In 2009, CNSC renewed BPLP's licence to operate the "A" and "B" reactors, granting it a five year licence through October 31, 2014. Financial assurances previously required by the CNSC were determined by the commission to be adequately covered by the preliminary decommissioning plan and the financial assurances provided to OPG under the lease agreement between OPG and Bruce Power and therefore financial assurances to the CNSC were no longer required under the Bruce Power operating licence. Under the 2005 Bruce Power restructuring agreements, Cameco is indemnified by BALP for any calls on the assurances resulting from operation of the Bruce A units.

The NLA requires operators of nuclear generating facilities to purchase nuclear liability insurance from the Nuclear Liability Association of Canada in amounts specified in the NLA. Currently, the NLA requires the operator of nuclear stations to maintain, for each of its nuclear stations, insurance of $75 million for liability imposed under the NLA. Under Part I of the NLA, an operator is strictly liable for any damage to property of, or personal injury to, the public arising from a nuclear incident (as defined in the NLA), other than damage resulting from sabotage or acts of war. If, in the opinion of the Governor in Council, an operator's liability could exceed $75 million in respect of a nuclear incident, or it would be in the public interest to do so, the Governor in Council may proclaim Part II of the NLA in effect. Under Part II of the NLA, an operator's liability is effectively limited to the amount of such insurance and the Governor in Council may authorize funds to be paid by the federal government for claims in excess of that amount. In October 2007, the federal government introduced legislation in the House of Commons that would significantly amend the NLA, including by requiring the operator to maintain, for each of its nuclear stations, $650 million of insurance for liability imposed under the NLA. Before this legislation was approved, Parliament was dissolved because of the federal election. While this legislation has not yet been reintroduced for Parliamentary approval, BPLP expects that it will be. If the legislation becomes law, this would result in a significant increase in the insurance coverage that BPLP must obtain as well as the cost of that insurance coverage.

Ontario's Electricity Regulation

This section summarizes the key impacts of the Ontario regulatory framework that applies to BPLP's marketing of electricity. BPLP sells electricity into the wholesale spot market and contract market. In Ontario, political risk results from uncertainty over the future direction of government energy policies.

The actions of the Ontario government have impacted the wholesale market where BPLP sells most of its production. The Ontario government took steps in 2005 and in February 2006 to mitigate the impact of increases in electricity price on the approximately 55,000 large industrial and commercial customers in Ontario who consume more than 250,000 kilowatt hours per year. These actions involve regulating the price of electricity produced by OPG's base load nuclear and hydro assets and establishing revenue limits on the output of certain of OPG's other assets. Bruce Power expects these actions to depress the wholesale contract market, which remains unregulated.

BPLP engages in risk management activities, including trading of electricity and related contracts, to mitigate these risks. BPLP receives a reliable stream of revenue from fixed-price contracts. Approximately 57% of BPLP's output was sold under fixed-price contracts in 2009. BPLP also sells electricity on the open spot market. Prices are determined by bids from suppliers and buyers that reflect changes in supply and demand by the hour. In addition, BPLP has an agreement with the Ontario government that provides floor price protection for output from Bruce B reactors. (See *Overview — 2005 Bruce Power Restructuring* for further information).

Demand erosion continues to dominate Ontario, which has resulted in partial loss of industrial and wholesale demand. Since 2004 wholesale load has decreased significantly and in 2009 Ontario demand was down by approximately 6% or 10 TWh in comparison to 2008. BPLP continues to implement a diversified contracting strategy that hedges output against exposure to Ontario low spot prices by sales into the retail contract market and into neighbouring jurisdictions such as the NYISO market place.

There is a risk that the Ontario government could regulate the wholesale market in the future. This would limit the upside potential for BPLP's revenue. Given the need to replace or augment generating capacity in Ontario, the need to attract new investment and market structure changes made by the government, Cameco believes the risk of the government regulating the wholesale market is low.

Reinforcement of the transmission system from the Bruce Power site is necessary once all eight Bruce units are back in service and the expected wind powered facilities in the Bruce area are operational. This reinforcement is to be achieved by the addition of a new 500KV line between Bruce and Milton, essentially doubling the current transmission capacity. Hydro One has obtained approval to construct this line from the Ontario Energy Board. A condition of this approval is that Hydro One is required to successfully complete the environmental assessment process prior to beginning any construction activity on the new line. The transmission reinforcement is planned to be in-service by 2012.

In February 2001, the OEB issued a generation licence for Bruce Power Units 1 to 8, which expires in February 2019. The licence includes authorization for Bruce Power to act as a wholesaler of electric power.

RISK FACTORS

The businesses in which Cameco participates are subject to certain risks. The risks described below are not the only risks facing Cameco and other risks now unknown to Cameco may arise or risks now thought to be immaterial may become material and adversely affect Cameco's business, financial condition, results of operation, cash flows and prospects. Some of the risks described below are only applicable to certain of Cameco's business interests, while others are generally applicable. No guarantee is provided that other risks will not affect the Company in the future. This discussion of risks should be read in conjunction with the discussion of risks in Cameco's 2009 MD&A. If any of those risks actually occur, Cameco's business, financial condition, results of operation, cash flows and prospects could be harmed. In addition, Cameco discloses statements and information which are neither about the present nor historical facts, and therefore are forward-looking. This forward-looking information is based upon a number of assumptions which may prove to be incorrect and there are risks that could cause results to differ materially, including the risks described below. (See *Caution Regarding Forward-Looking Information and Statements*.) As the context requires for the following information, reference to the Company or Cameco also includes Cameco's direct and indirect subsidiaries.

Risks Relating to Cameco Generally

Cameco is subject to a number of operational risks and Cameco may not be adequately insured for certain risks

Cameco's business is subject to a number of risks and hazards, including environmental pollution, accidents, incidents or spills (including hazardous emissions from Cameco's Port Hope conversion facilities such as a UF_6 release or a leak of anhydrous hydrogen fluoride used in the UF_6 conversion process); industrial and transportation accidents, which may involve radioactive or hazardous materials; unexpected labour shortages, disputes or strikes; cost increases for contracted and/or purchased goods and services; shortages of required materials and supplies (including the availability of acid for JV Inkai's operations in Kazakhstan and hydrofluoric acid at the Port Hope UF_6 conversion plant); electrical power interruptions; mechanical and electrical equipment failure; catastrophic accidents; fires; blockades or other acts of social

or political activism; changes in the regulatory environment; impact of non-compliance with laws and regulations; natural phenomena, such as inclement weather conditions, floods, underground floods, earthquakes, ground movements, tailings pipeline and dam failures and cave-ins; encountering unusual or unexpected geological or hydrological conditions; adverse mining conditions; and technological failure of mining methods. Cameco also contracts for the transport of its uranium and uranium products to refining, conversion, fuel manufacturing, enrichment and nuclear generation facilities in North America and Europe, as well as processing facilities in Kazakhstan, which exposes the Company to transportation risks.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, Cameco's uranium properties and refining, conversion and fuel manufacturing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of production from Cameco's mines and mills or from Cameco's refining, conversion and fuel manufacturing facilities or in Cameco's exploration or development activities, costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Although Cameco maintains insurance to cover some of these risks and hazards in amounts Cameco believes to be reasonable, subject to applicable deductibles, this insurance may not provide adequate coverage in all circumstances. No assurance can be given that Cameco's insurance will continue to be available, or that it will continue to be available at economically feasible premiums, or that it will provide sufficient coverage for losses or liabilities related to these or other risks and hazards, or that Cameco will maintain such insurance.

Also, Cameco may be subject to liability or sustain losses in relation to certain risks and hazards against which Cameco cannot insure or which Cameco may elect not to insure. This lack of, or insufficiency of, insurance coverage could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Governmental Regulation and Policy Risks

Cameco's operations and exploration activities, particularly uranium mining, refining, conversion, fuel manufacturing and transport in Canada and the United States, are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, decommissioning and reclamation, safety, toxic substances, transportation, emergency response, and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing, constructing, operating and closing the Company's mines and refining and other facilities. It is possible that the costs, delays and other effects associated with such laws and regulations may impact the Company's decision whether to continue to operate existing mines, ore refining and other facilities or whether to proceed with exploration or development of properties. The Company expends significant financial and managerial resources to comply with such laws and regulations. Cameco anticipates it will have to continue to do so as the historic trend toward stricter government regulation will likely continue. Since legal requirements change frequently, are subject to interpretation, and may be enforced in varying degrees in practice, Cameco is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

The foregoing uncertainties and changes in governments, regulations and policies and practices could materially and adversely affect the Company's cash flows, earnings, results of operations and financial condition in a particular period or its long term business prospects.

The development and operation of mines and other facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licences and permits are subject to many variables outside the Company's control, including potential legal challenges from various stakeholders such as environmental groups, non-government organizations or aboriginal groups claiming certain rights with respect to traditional lands. Any significant delays in obtaining or renewing such approvals, licences or permits could have a material adverse impact on the Company.

Political Risk

Cameco owns 60% of JV Inkai which in turn owns the Inkai mine, located in the Republic of Kazakhstan, a developing country. Also, Cameco conducts, and has investments in companies that conduct, exploration activities in many developing countries around the world.

As such, these exploration activities are subject to the risk normally associated with the conduct of business in developing countries including: uncertain political and economic environments; strong governmental control and regulation; lack of an independent judiciary; war, terrorism and civil disturbances; crime; corruption; changes in laws or policies of a particular country, including those related to imports, exports, duties and currency; cancellation or renegotiation of contracts; royalty and tax increases or other claims by government entities, including retroactive claims; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain or maintain necessary permits; currency fluctuations; high inflation; restrictions on local operating companies to sell their production offshore, and on the ability of such companies to hold US dollars or other foreign currencies in offshore bank accounts; import and export regulations, including restrictions on the export of uranium; limitations on the repatriation of earnings; and increased financing costs. The occurrence of one or more of these risks may have a material adverse impact upon Cameco's financial condition, cash flows, results of operations and future prospects.

With respect to JV Inkai's mining operations, the government of Kazakhstan has entered into a contract with JV Inkai and granted permits that enable it to conduct mining and exploration activities. Notwithstanding these arrangements, JV Inkai's ability to conduct these activities is subject to renewal of permits or concessions and changes in government regulations. To maintain and increase Inkai mine production, both JV Inkai and Cameco require ongoing support, agreement and co-operation from KazAtomProm and the Kazakh government. Kazakh laws and regulations are still developing and their application can be difficult to predict. As a result, JV Inkai's best efforts may not always yield full compliance with the law and non-compliance may have results which are disproportionate to the nature of the breach.

Amendments made to the Subsoil Law in 2007 allow the government to reopen subsoil use agreements in certain circumstances. In 2009, the Kazakh government passed a resolution whereby 231 blocks, including all three of JV Inkai's blocks, were prescribed as strategic deposits. These two actions may increase the government's ability to expropriate JV Inkai properties under certain circumstances. In 2009, the Resource Use Contract was amended to adopt the Tax Code at the request of the Kazakh government, even though the government had agreed to tax stabilization provisions in the original contract. A new subsoil use law has also been proposed. Cameco does not know if the Draft Subsoil Law will be adopted or what the final law, if passed, will contain. It is premature to make any assessment, but further changes to the Subsoil Law could increase Cameco's risk. These developments are illustrative of increased political risk in Kazakhstan. Cameco believes that while operating in Kazakhstan today is challenging, it is manageable.

There can be no assurance that industries deemed of national or strategic importance like mineral production will not be nationalized. Government policy may change to discourage foreign investment, renationalization of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented. There can be no assurance that Cameco's assets in Kazakhstan and other countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by any authority or body. While there are provisions for compensation and reimbursement of losses to investors under such circumstances, there is no assurance that such provisions would be effective to restore the value of Cameco's original investment or to fully compensate Cameco for the loss of the investment. Similarly, Cameco's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, mine safety and annual fees to maintain mineral properties in good standing. There can be no assurance that the laws in these countries protecting foreign investments will not be amended or abolished or that these existing laws will be enforced or interpreted to provide adequate protection against any or all of the risks described above. Furthermore, there can be no assurance that the Resource Use Contract with the government of Kazakhstan will prove to be enforceable or provide adequate protection against any or all of the risks described above.

Cameco has made an assessment of the political risk associated with each of its foreign investments and currently has political risk insurance to mitigate a portion of the losses. From time to time, Cameco assesses the costs and benefits of maintaining such insurance and may not continue to purchase the coverage. Furthermore, there can be no assurance that the insurance would continue to be available at any time or that particular losses Cameco may suffer with respect to its

foreign investments will be covered by the insurance. These losses could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition if not adequately covered by insurance.

For a further discussion of the regulatory and political environment in Kazakhstan see *The Nuclear Business — Mining Properties — Inkai — Project Description and Location*.

Cameco may experience difficulties with its joint venture partners.

Cameco operates McArthur River, Key Lake, Cigar Lake and Inkai through joint ventures with other companies. Cameco has entered into a number of other joint ventures and may in the future enter into additional joint ventures. Cameco is subject to the risks normally associated with the conduct of joint ventures. These risks include disagreement with a joint venture partner on how to develop, operate and finance a project, and compliance by Cameco with the operating requirements in joint venture agreements, and possible litigation between the joint venture partners regarding joint venture matters. These matters may result in material legal liability or may have an adverse effect on Cameco's ability to pursue the projects subject to the joint venture, either of which could have a material adverse impact on Cameco's cash flows, earnings, results of operations and financial condition.

Litigation

Cameco and its subsidiaries are currently subject to litigation or threats of litigation and may be involved in disputes with other parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty. If such disputes cannot be resolved favourably, it may have a material adverse impact on Cameco's financial condition, cash flows and results of operations. See *Legal Proceedings*.

Tailings Capacity Constraints

At the Key Lake mill, tailings from processing McArthur River ore are deposited in the Deilmann TMF. In February 2009, Cameco received regulatory approval for the deposition of tailings to a higher elevation in the Deilmann TMF. At current production rates, the approved capacity of the Deilmann TMF is now six years, assuming only minor storage capacity losses due to sloughing from the pit walls. Sloughing has occurred in the past, resulting in the loss of approved capacity. Significant sloughing would constrain McArthur River production.

Technical studies show that stabilizing and reducing water levels in the pit enhances the stability of the pitwalls, thereby reducing the risk of pitwall sloughing. In recent years, Cameco doubled dewatering treatment capacity, allowing Cameco to stabilize the water level in the pit, and has recently begun to reduce this water level.

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

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

In 2009, Cameco completed the expansion of the RLITMF. As a result of the further extension of the mine life of the Eagle Point mine at Rabbit Lake, Cameco is working to increase tailings capacity. Cameco has undertaken a study to examine adding new tailings management capacity at Rabbit Lake. A new tailings management facility would require an environmental assessment.

Failure to maintain existing tailings capacity at the Deilmann TMF and RLITMF due to sloughing or other causes or failure to obtain or delay in obtaining regulatory approval for a new tailing management facility or to expand existing tailing capacity at the Deilmann TMF or RLITMF could constrain uranium production, which could have a material adverse impact upon Cameco.

Labour Relations

Cameco has unionized employees at McArthur River, Key Lake and Port Hope and at CFM's facilities in Port Hope and Cobourg. The collective agreement for McArthur River and Key Lake unionized employees expired on December 31, 2009 and negotiations for a new agreement are currently ongoing. A new collective agreement covering Port Hope conversion facilities unionized employees was entered into during 2007, which expires in June 2010. A new collective agreement covering CFM unionized employees was entered into during 2009 and which expires in June 2012.

Any lengthy work interruptions arising from negotiating new collective agreements could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Imprecision of Reserve and Resource Estimates

The uranium mineral reserves and resources included herein are estimates, and no assurances can be given that indicated levels of uranium will be produced or that Cameco will receive the uranium price assumed in estimating these reserves. Such estimates are expressions of judgment based on knowledge, mining experience, success of planned mining methods, analysis of drilling results, and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the reserve and resource estimates included are well established and reflect management's best estimates, by their nature mineral reserve and resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, fluctuations in the market price of uranium, as well as increased capital or production costs or reduced recovery rates, may render reserves uneconomic and may ultimately result in a reduction of reserves. Estimated mineral reserves may have to be recalculated based upon actual production experience. The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The estimation of reserves or resources is always influenced by economic and technological factors, which may change over time, and the experience gained in use of a mining method. Failure to obtain or maintain necessary permits or government approvals or changes to applicable legislation could cause a reduction in mineral reserves.

Mineral resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill hole information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained. No assurances can be given that any mineral resource estimate will ultimately be reclassified as proven or probable reserves.

If Cameco's reserve or resource estimates for its uranium properties are inaccurate or are reduced in the future, this could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Production Estimates may be inaccurate

Cameco prepares estimates of future production for particular operations. No assurance can be given that production estimates will be achieved. Expected future production estimates are inherently uncertain, particularly for periods extending beyond one year, and could materially change over time.

Uranium production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; equipment and mechanical availability; labour availability; access to the mine; facilities and infrastructure; sufficient materials and supplies on hand; the accuracy of estimated rates and costs of mining and processing; the accuracy of assumptions about the success of mining plans and availability of tailings capacity; and the assumption of ongoing timely regulatory approvals where these are required. In addition, production estimates for McArthur River assume a continued successful transition to new mining areas at McArthur River. Production estimates for Cigar Lake assume the successful completion of remediation and development activities.

Production estimates for uranium refining, conversion and fuel manufacturing are based on, among other things, the following factors: no disruption or reduction in supply from the Company's or third party sources; and the accuracy of

estimated rates and costs of processing. Production estimates for Inkai assume the necessary regulatory approvals are received to increase production to planned levels.

Cameco's actual production may vary from estimates for a variety of reasons, including, among others: actual ore mined varying from estimates of grade, tonnage, dilution, and metallurgical and other characteristics; mining and milling losses being greater than planned; short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risk and hazards associated with mining, milling, uranium refining, conversion and fuel manufacturing; failure of mining methods and plans; failure to obtain and maintain the necessary regulatory approvals; lack of tailings capacity; natural phenomena, such as inclement weather conditions, floods, underground floods, earthquakes, tailings wall failures, ground movements and cave-ins; unexpected labour shortages or strikes; lack of success in transitioning to new mining areas at McArthur River and completing remediation and development activities at Cigar Lake; and interruption or reduction in production due to fires, failure of critical equipment, shortage of supplies or other unforeseen difficulties.

Failure to achieve production estimates could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Exploration and Development activities may not be successful

Exploration for and development of uranium properties involve significant financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves and extract them, including expenses for drilling, constructing mining and processing facilities at a site, connecting to reliable infrastructure, developing metallurgical processes and extracting uranium from ore. Cameco cannot guarantee that its current exploration and development programs will result in profitable commercial mining operations or replacement of current production at existing mining operations with new reserves. Also, substantial expenses may be incurred on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically.

Cameco's ability to sustain or increase its present levels of uranium production is dependent in part on successful projects for the development of new ore bodies and/or expansion of existing mining operations. There are many risks and unknowns inherent in all projects. For example, the economic feasibility of projects are based upon many factors, including, among others: the accuracy of reserve estimates; metallurgical recoveries; capital and operating costs of such projects; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting, and environmental protection; and uranium prices, which are highly volatile. Projects are also subject to the successful completion of feasibility studies, agreement with joint venture partners to proceed with development, resolution of various fiscal, tax and royalty matters, the issuance of necessary governmental permits, acquisition of satisfactory surface or other land rights, availability of infrastructure, including for power and water, to support the project and availability of adequate financing to develop it.

Some projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. Cameco conducts feasibility studies that derive estimates of capital and operating costs based upon many factors, including, among others: anticipated tonnage and grades of ore to be mined and processed; the configuration of the ore body; ground and mining conditions; expected recovery rates of the uranium from the ore; and anticipated environmental and regulatory compliance costs.

The capital expenditures and time required to develop new mines or other projects are considerable and changes in costs or construction schedules can affect project economics. Thus, it is possible that actual costs and economic returns may differ materially from Cameco's best estimates, or that it could fail to obtain satisfactory resolution of fiscal or tax matters or government approvals necessary for the development or operation of the project, in which case the project may not proceed, either on its original timing, or at all. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, resulting in delays, and to require more capital than anticipated. These delays and additional costs could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Environmental, health and safety risk

Cameco expends significant financial and managerial resources to comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions. The historical trend toward stricter laws is likely to continue. The uranium industry is subject to not only the worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental damage, but also to additional radiation risks uniquely associated with uranium mining, processing and fuel manufacturing. The possibility of more stringent laws or more rigorous enforcement of existing laws exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining, milling, refining, conversion and fuel manufacturing sites and other environmental matters, each of which could have a material adverse effect on Cameco's operations or the cost or the viability of a particular project.

Cameco's facilities operate under various operating and environmental permits, licences and approvals that contain conditions that must be met and Cameco's right to continue operating their facilities is, in a number of instances, dependent upon compliance with these conditions. Failure to meet certain of these conditions could result in interruption or closure of Cameco's facilities or material fines or penalties, all of which could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Cameco may be unable to enforce its legal rights in certain circumstances

In the event of a dispute arising at Cameco's foreign operations, Cameco may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Cameco may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity.

The dispute resolution provision of the Resource Use Contract and HEU Commercial Agreement stipulate that any dispute between the parties thereto is to be submitted to international arbitration. However, there can be no assurance that a particular governmental entity or instrumentality will either comply with the provisions of these or any other agreements or voluntarily submit to arbitration. If Cameco is unable to enforce its rights under these agreements, this could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Properties may be subject to defects in title

Cameco has investigated its rights to explore and exploit all of its material properties and, to the best of Cameco's knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to Cameco's detriment. There can also be no assurance that Cameco's rights will not be challenged or impugned by third parties, including the local governments, and in Canada, by First Nations and Métis.

The validity of unpatented mining claims on US public lands is sometimes uncertain and may be contested. Due to the extensive requirements and associated expense involved in obtaining and maintaining mining rights on US public lands, Cameco's interest, held by subsidiaries, in its US ISR properties may be subject to various uncertainties that are common to the industry, with the attendant risk that its title may be defective or challenged.

Although Cameco is not currently aware of any existing title uncertainties, claims or challenges with respect to any of its material properties (McArthur River, Cigar Lake and Inkai), other than with respect to First Nation and Métis claims in Saskatchewan, there is no assurance that such uncertainties, claims or challenges will not result in future losses or additional expenditures, which could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Counterparty/Credit Risk

Cameco takes measures that are intended to ensure its customers, suppliers and hedging counterparties can fulfill their contractual obligations. These transactions expose the Company to the risk of default or credit risk by the counterparties to these contracts. Due to the current global economic situation the risk of default by these parties has increased. Default by one or more significant customers, critical suppliers or hedging counterparties could be material to Cameco's financial condition, liquidity and results of operations. Although Cameco seeks to manage its credit risk and supplier risk exposure, as noted below, there can be no assurance that Cameco will be successful in eliminating the potential material adverse impacts of such risks.

Customers

Cameco's sales of uranium product, conversion and fuel manufacturing services expose the Company to the risk of non-payment, another form of credit risk. Cameco manages this risk by monitoring the credit worthiness of its customers and seeking pre-payment or other forms of payment security from customers with an unacceptable level of credit risk. As of December 31, 2009, about 4% of Cameco's forecast revenue under contract for the period 2010 to 2012 is with customers whose creditworthiness does not meet Cameco's standards for unsecured payment terms. As well, Cameco's purchase of uranium product and conversion services, such as under the HEU Commercial Agreement and SFL toll-conversion agreement, exposes the Company to the risk of the supplier's failure to fulfill its delivery commitment.

Suppliers

Cameco purchases reagents and other production inputs and supplies from numerous suppliers around the world, and is therefore exposed to risk should any of these suppliers default on their contractual commitments to Cameco.

The shortage of sulphuric acid in Kazakhstan has delayed production in the past and its future availability remains a concern. Currently, JV Inkai has three sources of sulphuric acid to attempt to mitigate the risk regarding availability.

Cameco is examining its entire supply chain, looking to diversify or add inventory where it is vulnerable. There can be no assurance that these efforts will mitigate the risk.

Hedging Counterparties

Cameco uses derivative financial instruments to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. The purpose of hedging transactions is to modify Cameco's exposure to one or more risks by creating an offset between changes in the fair value of, or the cash inflows attributable to, the hedged item and the hedging item.

Counterparty risk on hedging arrangements is managed by dealing with financial institutions that meet Cameco's credit rating standards and by limiting exposures with individual counterparties.

If the Canadian dollar decreases significantly against the US dollar, and a counterparty defaults under its contract, there is an increased risk of financial loss to Cameco.

Currency Fluctuations

Cameco's earnings and cash flow may also be affected by fluctuations in the US/Canadian dollar exchange rate. Cameco's sales of uranium and conversion services are mostly denominated in US dollars, while the production costs of both are denominated primarily in Canadian dollars. Cameco's consolidated financial statements are expressed in Canadian dollars.

Fluctuations in exchange rates between the US dollar and the Canadian dollar may give rise to foreign exchange currency exposures, both favourable and unfavourable, which have materially impacted and may materially impact in the future Cameco's financial results. Although Cameco utilizes a hedging program to limit any adverse effects of foreign

exchange rate fluctuations, there can be no assurance that such hedges have eliminated the potential material adverse impact of such fluctuations.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to assure that the cost of decommissioning and reclaiming sites are borne by the parties involved, and not by government. Cameco has filed decommissioning plans for certain of its properties with regulators. These regulators have accepted the decommissioning plans in concept. Beginning in 1996, Cameco has conducted regulatory-required reviews of its decommissioning plans for all Canadian sites. These periodic reviews are done on a five-year basis, or at the time of an amendment to or renewal of an operating licence. As Cameco properties approach or go into decommissioning, further regulatory review of the detailed decommissioning plans may result in additional requirements, associated costs and financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators. If Cameco is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Disclosure and Internal Controls

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

Key Personnel

The chief executive officer and senior officers of Cameco are critical to its success. In the event of the departure of the chief executive officer or a senior officer, Cameco believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. If Cameco is not successful in attracting and retaining qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Cameco's success depends on its ability to attract and retain qualified personnel

Recruiting and retaining qualified personnel is critical to Cameco's success. The number of persons skilled in the acquisition, exploration, development and operation of mining properties and the operation of uranium, milling, refining, conversion and fuel manufacturing facilities is limited and competition for such persons is intense. As Cameco's business activity grows, it will require additional key financial, administrative, technical and operations staff. It is also necessary for Cameco to engage expatriate and local workers for the Inkai mine in Kazakhstan. If Cameco is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse impact on Cameco's future cash flows, earnings, results of operations and financial condition.

Prospects may suffer due to enhanced competition for mineral acquisition opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, Cameco may be unable to acquire rights to exploit additional attractive mining properties on terms that Cameco consider acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations. If Cameco is not able to acquire such interests, this could have a material adverse impact on Cameco's future cash flows, earnings, results of

operations and financial condition. Even if Cameco does acquire such interests, the resultant business arrangements may not ultimately prove beneficial to their businesses.

Risks Relating to Nuclear Business

Volatility and Sensitivity to Prices

Because the majority of the Company's revenues are derived from the sale of uranium and uranium products, the Company's net earnings and cash flow are closely related and sensitive to fluctuations in the long-term and short-term market price of U_3O_8 and for uranium conversion services. Historically, these prices have fluctuated and have been and will continue to be affected by numerous factors beyond the Company's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; production levels and costs of production; significant production interruptions or delays in expansion plans; and actions of investment and hedge funds in the uranium market.

The fluctuation of the prices of uranium and UF_6 conversion services is illustrated by the following tables, which set forth, for the periods indicated, the monthly highs and lows of the spot and long-term price for U_3O_8 and UF_6 conversion services, as published by Trade Tech:

Range of Spot Uranium Prices (1)
(US $/lb of U_3O_8)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Spot										
High	9.40	9.50	10.20	14.40	20.50	36.50	72.00	135.00	75.00	51.00
Low	7.10	7.20	9.70	10.10	15.60	21.20	37.50	75.00	46.00	42.00

(1) Source: The Nuexco Exchange Value, published by TradeTech. Spot prices reflect the spot price for all uranium other than of CIS origin.

Range of Spot UF_6 Conversion Values (1)
(US$/kg U)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Spot										
High	3.25	5.25	5.25	6.50	9.00	12.00	11.75	11.75	9.00	8.50
Low	2.35	3.65	5.05	4.90	6.80	11.00	11.00	8.00	8.00	5.50

(1) Source: The Nuexco Conversion Value, published by TradeTech. The conversion value over this period of time is for the provision of conversion services delivered in North America.

Range of Long-Term Uranium Prices (1)
(US $/lb of U_3O_8)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Spot										
High	9.85	10.50	10.75	15.50	25.00	36.00	69.00	95.00	95.00	69.00
Low	9.25	9.25	10.40	10.60	16.50	26.00	37.00	75.00	70.00	60.00

(1) Source: The Nuexco Exchange Value, published by TradeTech. Long-term prices reflect the long-term price for all uranium.

Range of Long-Term UF_6 Conversion Values (1)
(US$/kg U)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Spot										
High	3.25	5.25	5.25	6.00	10.00	12.00	12.25	12.25	12.25	12.25
Low	3.25	4.00	5.20	5.20	6.50	12.00	11.50	12.25	12.25	11.00

(1) Source: The Nuexco Conversion Value, published by TradeTech. The conversion value over this period of time is for the provision of conversion services delivered in North America.

Although the Company employs various pricing mechanisms within its sales contracts to manage its exposure to price fluctuations, there can be no assurance that such a program will be successful.

Large flood at the McArthur River Mine, Cigar Lake Project, or Rabbit Lake Mine

There is a risk of floods at McArthur River, Cigar Lake and Rabbit Lake. These operations have each been subject to one or more floods (also called water inflows).

On April 6, 2003, production at Cameco's McArthur River mine was temporarily suspended, as an increased water inflow from an area of collapsed rock in a new development area began to flood portions of the mine. The sandstone that overlays the basement rocks of the McArthur River deposit contains significant water, which is at hydrostatic pressure. Water flow into the mine area is generally prevented by ground freezing. There are technical challenges at McArthur River involving the groundwater and rock properties.

This incident resulted in a considerable shortfall in 2003 uranium production and a major setback to the development of new mining zones as revised mining plans were subsequently prepared and improved controls put in place to access the zone where the inflow occurred.

The Cigar Lake deposit has hydro-geological characteristics similar to McArthur River and as a result also has technical challenges involving groundwater and rock properties. Starting in 2006, three water inflows have occurred at Cigar Lake. For a discussion of these water inflows, see *Cigar Lake – Water Inflow Incidents and Remediation* .

The Cigar Lake water inflows have had many significant impacts upon Cameco, among others, including a significant delay in Cigar Lake development and production, a significant increase in capital costs, and requiring Cameco to give notice to many of its customers that it was declaring an interruption in planned supply. There can be no assurance that an additional water inflow will not further delay development and production.

In November 2007, Cameco temporarily reduced underground activities at Rabbit Lake due to an increase of water flow from a mining area at the same time as the capacity of the surface water-handling system was limited due to an equipment upgrade. In late December 2007, Rabbit Lake operations resumed normal mining activities, after site crews located and plugged the source of the water inflow.

There can be no guarantee against floods in the future at McArthur River, Cigar Lake or Rabbit Lake. A flood could result in consequences that are material and adverse to Cameco, such consequences include, among others, significant delays in, or interruption or reduction of, production, significant delays in, or interruption of, mine development or remediation activities, a loss of reserves, and a material increase in costs. The consequences of a flood will depend on the magnitude, location, and timing of any such flood. Water inflows and floods are generally not insurable.

Technical Challenges

Due to the unique nature of the deposits at McArthur River and Cigar Lake, there are technical challenges at these deposits involving groundwater, rock properties, radiation protection, mining methods, transitioning to new mining areas, ore-handling and transport. Failure to resolve any one of these technical challenges at McArthur River or Cigar Lake may have a material adverse impact on the Company.

Cameco is transitioning to new mining areas at McArthur River which involves significant technical challenges. Failure or delay in overcoming these challenges may have a material adverse impact on the Company.

Replacement of Depleted Reserves

The McArthur River and Rabbit Lake mines are currently the Company's principal sources of mined uranium concentrates. Unless the Cigar Lake and Inkai deposits are successfully developed and achieve planned levels of

production or other reserves are identified, discovered or extensions to existing ore bodies are found, the Company's sources of mined uranium concentrates will decrease over time as reserves at these two mines are depleted, which could have a material adverse impact on Cameco. The reserves at Rabbit Lake's Eagle Point mine are expected to be depleted in 2015. Although in the past the Company (or its predecessors) has successfully replenished its reserves through ongoing exploration, development and acquisition programs, there can be no assurance that Cameco's future exploration, development and acquisition efforts will be successful. In addition, while Cameco believes that Cigar Lake and Inkai will achieve planned levels of production, there can be no assurance that they will.

Aboriginal Title and Consultation Issues

First Nations and Métis title claims, as well as related consultation issues, may affect the ability of Cameco to pursue exploration, development and mining at its Saskatchewan uranium producing properties (McArthur River and Rabbit Lake) and developmental property (Cigar Lake), as well as milling ore at Key Lake. Similar issues may affect the ability of Cameco to pursue exploration activities in other provinces and countries. Cameco has received formal demands from the English First River Nation (EFRN) and the Métis Nation of Saskatchewan to be consulted and accommodated with respect to development on aboriginal traditional lands, which is an expectation of all aboriginal groups in Northern Saskatchewan. It is generally acknowledged that, pursuant to historical treaties, First Nation bands in northern Saskatchewan ceded title to most traditional lands in northern Saskatchewan in exchange for treaty benefits and reserves lands. However, generally First Nations in Saskatchewan continue to assert that their treaties are not an accurate record of their agreement with the Canadian government and that they did not cede title to the minerals when they ceded title to their traditional lands. First Nations have launched a lawsuit in Alberta making a similar claim that they did not cede title to the oil and natural gas rights when they ceded title to their traditional lands. A similar lawsuit could be brought by First Nations in Saskatchewan.

The ERFN has selected lands for Treaty Land Entitlement (TLE) designation that covers the mineral claims for the Millennium uranium deposit. The Saskatchewan government rejected this selection (December 2008). However, the ERFN has challenged that rejection in the courts. Similarly, the Peter Ballantyne Cree has selected lands under the TLE process that cover portions of the mineral claims held by the Dawn Lake joint venture. The TLE process does not affect the rights of Cameco's mining joint ventures. However, it may impact the surface rights and benefits ultimately negotiated as part of the development of the Millennium and Dawn Lake. Cameco is monitoring developments on the TLE issue.

In addition, in order to proceed with development of Kintyre in Australia, Cameco must reach an agreement with the Martu, the native land title holders for this property, and negotiations for an agreement are ongoing. There is uncertainty whether Cameco and the Martu will be able to come to an agreement.

Managing these issues is an integral part of Cameco's exploration, development and mining activities and Cameco is committed to managing them effectively. However, in view of the legal and factual uncertainties, no assurance can be given that material adverse consequences will not arise in connection with these issues.

Competition from Other Energy Sources and Public Acceptance of Nuclear Energy

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates and uranium conversion services. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could impact the continuing acceptance of nuclear energy and the future prospects for nuclear generation, which may have a material adverse impact on Cameco.

Dependence on Limited Number of Customers

The Company's principal business relates to the production and sale of uranium concentrates and the provision of uranium conversion services. The Company relies heavily on a small number of customers to purchase a significant portion of its production of uranium concentrates and its uranium conversion services. For instance, for the period 2010 through 2012, Cameco's five largest customers are anticipated to account for approximately 41% of the Company's contracted supply of U_3O_8. For the period 2010 through 2012, Cameco's five largest UF_6 conversion customers are anticipated to account for approximately 36% of the Company's contracted supply of UF_6 conversion services. Cameco is currently the only commercial supplier of UO_2 for use in Canadian CANDU heavy water reactors with sales to its largest customer accounting for approximately 37% of the Company's UO_2 sales in 2009. In addition, during 2009, revenues from one customer of Cameco's uranium and conversion segments represented approximately $253 million (14%) of Cameco's total revenues from those businesses. As well, sales for the Bruce A and B reactors represent a substantial portion of the Company's fuel manufacturing business. The loss of any of the Company's largest customers or curtailment of purchases by such customers could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Uranium Industry Competition and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates and the provision of uranium conversion services, is highly competitive. The Company markets uranium to utilities in direct competition with supplies available from a relatively small number of world uranium mining and enrichment companies, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium derived from used reactor fuel, and from the use of excess enrichment capacity to re-enrich depleted uranium tails. The supply of uranium from Russia is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of Cameco and may affect the supply of uranium available in the US and Europe, which are the largest markets for uranium in the world.

With respect to UF_6 conversion, the Company competes on the basis of price, location and service with two other full scale commercial suppliers in the western world and with additional supplies available from excess inventories, including inventories made available from decommissioning of nuclear weapons, and the use of excess enrichment capacity to re-enrich depleted uranium tails.

Reduced Liquidity and Difficulty in Obtaining Future Financing

The further development and exploration of mineral properties in which Cameco holds an interest may depend upon Cameco's ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that Cameco will be successful in obtaining required financing as and when needed. Volatile uranium markets, a claim against Cameco, a significant event disrupting Cameco's business or operations, or other factors may make it difficult or impossible for Cameco to obtain debt financing or equity financing on favourable terms or at all.

Technical Obsolescence

Requirements for the Company's products and services may be affected by technological changes in nuclear reactors, enrichment and used fuel processing.

Risks Relating to Nuclear Electrical Generation

Generation and Technology Risks

BPLP is exposed to the market impact of uncertain output from its nuclear units known as generation risk. The amount of electricity generated by BPLP is affected by such risks as nuclear fuel supply, equipment malfunction, maintenance requirements, and regulatory and environmental constraints. BPLP is exposed to considerable technology risk because of the age of the Bruce units. Technology risks that could lead to significant impacts on the generating capability or

operating life of BPLP's assets are not fully predictable. BPLP attempts to identify those risks through on-going management review and assessments, internal audits, and from experience of nuclear units around the world.

The occurrence of any events associated with generation risk or technology risk could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Nuclear Operations

Risks of substantial liability, as well as the potential for significant increased costs of operations, arise from the management and operation of nuclear generating stations, including, among other things, from structural problems, increasing security requirements to cover factors such as physical security threats, equipment malfunctions, and the storage, handling and disposal of radioactive materials. BPLP has implemented risk management strategies, including the safety systems that are a part of CANDU technology, but there can be no assurance that such risks can be minimized or eliminated. An accident at a nuclear installation anywhere in the world or other reasons could cause the CNSC to limit the operation or licensing of the Bruce nuclear generation stations. Any such accident could also have an impact on the future prospects for nuclear generation.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, BPLP's nuclear facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of operations from BPLP's facilities, costs, monetary losses and potential legal liability and adverse governmental action.

OPG undertook a testing and inspection program to ascertain the physical condition of its nuclear generating stations. BPLP has continued that program for the Bruce nuclear generating stations by contracting with OPG for the supply of fuel channel and other inspection services (see *Bruce Power LP – The Generating Facilities — Operating Life Assessment* above). As a result of this program, OPG identified equipment life cycle issues, such as steam generator tube corrosion, feeder pipe wall thinning and pressure tube/calandria tube contact. Cameco understands these conditions were anticipated in the design but that experience has shown that the rate of degradation is higher than anticipated. In addition, no nuclear generating station utilizing CANDU technology has yet completed a full life cycle. There can be no assurance that BPLP will not have to incur significant capital expenditures for repairs or replacements in addition to those currently contemplated. To address these issues, BPLP may need to increase preventative maintenance programs and allow for more outage time (a period when a nuclear reactor is not operating) than currently planned. Such additional repairs, replacements and longer outage times could have a material adverse impact on BPLP.

The occurrence of any of these events could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Unplanned or Extended Outages

BPLP's anticipated contribution to Cameco's financial results in a given year could be significantly impacted if the amount of electricity generated is less than expected due to extensions of planned outages significantly beyond their scheduled periods, or if there are one or more unplanned outages which, in aggregate, are for an extended period.

Labour Relations

BPLP has approximately 3,700 employees. Most of them are unionized. The PWU Collective Agreement expires December 2010. The Society of Energy Professionals Collective Agreement expires December 2010. Cameco cannot predict at this time whether new collective agreements will be reached with these or other employees without a work stoppage. Any lengthy work interruptions could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Government Regulation

BPLP's operations are subject to extensive government regulation, which regulation may change from time to time. Failure to comply with government regulations could subject BPLP to the revocation of its operating licences for its nuclear generation facilities, the imposition of additional conditions under such licences, and fines or other penalties.

Matters that are subject to regulation include nuclear operations, nuclear waste management and decommissioning and environmental matters. These regulations are promulgated pursuant to both federal and provincial law. Operations that are not currently regulated may become subject to regulation. Since legal requirements frequently change and are subject to interpretation, BPLP is not able to predict the ultimate cost of compliance with regulatory requirements or their effect on operations. Some of BPLP's operations are regulated by government agencies that exercise discretionary powers conferred by statute. Since the scope of such authority is discretionary and may be inconsistently applied, BPLP is not able to predict the ultimate cost of compliance with these requirements or their effect on operations.

BPLP has decided to delay introduction of modified fuel in the Bruce B units by suspending the project. While this development is not expected to result in any derating due to the low probability event safety margins, it remains possible that the units could experience significant derating in the future due to this issue. In addition, due to, among other things, inadequate safety margins, the CNSC has the power to limit the output from or order the shutdown of one or more of the Bruce B units and to impose additional onerous licence conditions on BPLP. (See *Bruce Power LP – The Generating Facilities – New Fuel Program* above.)

The occurrence of any of these events could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Fuel Fabrication Defects and Product Liability

CFM fabricates nuclear fuel bundles, other reactor components and monitoring equipment. CFM's products are complex and, accordingly, may contain defects that could be detected at any point in their product life cycle. Flaws in these products could materially and adversely affect CFM's and Cameco's reputation, result in significant cost to CFM and Cameco and impair CFM's ability to sell its products in the future. The costs incurred in correcting any product errors may be substantial and could adversely impact CFM's operating margins. While CFM introduced in 2007 a rigorous new process review and control regime, there is no guarantee that all defects or errors in its products will be found.

Some customers may demand compensation if CFM delivers defective products. In the event of a significant number of product defects, the compensation that may have to be paid could have a significant impact on Cameco's operating results.

Some CFM agreements with customers contain specific terms which limit its liability to customers and others do not. Even with liability limitations in place, such provisions may not be effective as a result of existing or future laws or unfavourable judicial decisions. CFM has not experienced any material product liability claims to date. However, given the nature of nuclear fuel products, there is a risk that such claims could occur in the future. A successful product liability claim could result in significant monetary liability and could seriously disrupt CFM's and Cameco's business.

Nuclear Waste Management and Decommissioning

BPLP is subject to extensive federal regulation with respect to nuclear waste management. Failure to comply with such regulation could lead to prosecution and could subject BPLP to the revocation of its operating licences for its nuclear generation facilities, the imposition of additional conditions under such licences, and fines and other penalties. Any release of radioactive material beyond prescribed limits from property leased or occupied by BPLP could lead to governmental orders requiring investigation, control and/or remediation of such release and could also lead to claims from third parties for harm caused by such release. BPLP incurs substantial costs for nuclear waste management and changes in federal regulation could result in additional costs that could have a material adverse affect on BPLP.

The wet bays at Bruce B have limited capacity to store used nuclear fuel. As required by contract with BPLP, OPG has commenced the collection of used nuclear fuel bundles stored in the wet bays for transport to and storage at OPG's dry storage facility at the Bruce site. OPG has title to all used nuclear fuel bundles in the wet bays. Failure of OPG to continue to provide collection services of adequate quality or in a timely manner or problems associated with the in station modifications to the Bruce B wet bays to support the loading of used nuclear fuel bundles into dry storage containers, could have a material adverse effect on BPLP.

The occurrence of any of these events could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Restructuring of Ontario's Electricity Industry

The government of Ontario has the overall power to regulate Ontario's electricity industry. Ontario's electricity market opened to competition on May 1, 2002 with the introduction of competition in both the wholesale and retail markets in Ontario. The Ontario government subsequently announced regulatory changes. It is possible that further changes in the structure of the electricity market may occur based on the experience of the regulatory authorities and market participants. Such changes could be accomplished either through fundamental changes made by the government of Ontario to the structure of the Ontario electricity market, or through changes made to the market rules by the regulators.

The occurrence of any of these events could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Spot Market Electricity Prices

A significant portion of BPLP's revenue is tied, either directly or indirectly, to the spot market price for electricity in Ontario. The spot market price for electricity will vary depending on, amongst other variables: the availability of generation and transmission systems; economic growth; economic slowdown; seasonal and weather-based variations in electricity demand; the plans and activities of other market participants; the evolution of newly deregulated electricity markets; regulatory decisions in Ontario and neighbouring jurisdictions (including deregulation); the exchange rate for the Canadian dollar; wholesale market trading rules; mechanisms for maintaining adequate generation reserves; and the overall level of competition.

Although BPLP engages in risk management activities, including trading of electricity and related contracts to mitigate these risks, there can be no assurance that these activities will be successful. Electricity prices can be volatile.

Reliance on Single Contractors

BPLP is dependent upon OPG and AECL for certain nuclear support services, Cameco for U_3O_8 supply and UO_2 conversion services, and CFM for fuel manufacturing services. Reliance by BPLP on a single contractor for each of these services is a supply security risk. Failure of any of these suppliers to provide services of adequate quality or in a timely manner, or, in the case of OPG, to agree to extend the term of short-term material service agreements, could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Reliance on Transmission Systems

BPLP's ability to sell electricity depends on the capacity and reliability of the Ontario electricity transmission system operated by Hydro One and the other North American electricity transmission systems that are connected to the Ontario electricity transmission system. Accordingly, the success of BPLP's business is dependent upon the functioning of interconnected electrical transmission systems in North America, Hydro One's operating performance and financial stability, as well as the provincial regulation of Ontario's electricity transmission system. The lack of adequate and reliable electricity transmission capacity could have a material adverse impact on BPLP's expected contribution to Cameco's financial results.

Effects of Weather and Economic Conditions

By the nature of its business, BPLP's earnings are sensitive to weather variations from time to time. Variations in winter weather affect the demand for electrical heating requirements. Variations in summer weather affect the demand for electrical cooling requirements.

Demand erosion continues to dominate the Ontario landscape, driven by declining economic conditions in Ontario and in North America, which has resulted in partial loss of industrial and wholesale demand. Since 2004 wholesale load has

decreased significantly and in 2009 Ontario demand is down by approximately 6% or 10 TWh in comparison to 2008. BPLP continues to implement a diversified contracting strategy that hedges output against exposure to Ontario low spot prices by sales into the retail contract market and into neighbouring jurisdictions such as the NYISO market place.

Credit Risk

Credit risk is the risk of non-performance by contractual counterparties with respect to payment for services provided. A significant portion of BPLP's revenues are derived from sales through the spot market administered by government regulators. Participants in the spot market must meet standards mandated by regulators for creditworthiness with the result that BPLP's risk for these sales should be effectively managed. To the extent that the credit support provided by purchasers of power to regulators is inadequate, all market participants, including BPLP, could be responsible for any shortfall in proportion to their market activity.

A significant portion of BPLP's revenues are derived from the sale of electricity under medium-term and long-term power purchase and electricity price hedging agreements. The purchasers and BPLP under such agreements must meet certain standards for creditworthiness and, in certain circumstances, must supply financial assurances as security for non-performance. The requirement of purchasers to provide financial assurances should result in BPLP's credit risk for these sales being effectively managed. To the extent that financial assurances provided by such purchasers are inadequate, BPLP is subject to credit risk, the occurrence of which could have a material adverse impact on BPLP's expected contribution to Cameco's financial results. BPLP is likewise obligated, in certain circumstances, to provide financial assurances to such purchasers. Depending on the circumstances, this may burden the credit capacity of BPLP and Cameco. Cameco has committed to provide a certain amount of financial assurances to BPLP.

DESCRIPTION OF SECURITIES

Description of Share Capital

The authorized share capital of Cameco consists of an unlimited number of First Preferred Shares without nominal or par value, issuable in series (none of which are outstanding); an unlimited number of Second Preferred Shares without nominal or par value, issuable in series (none of which are outstanding); an unlimited number of common shares without nominal or par value, of which, at March 26, 2010, 392,950,555 common shares were outstanding as fully paid and non-assessable shares and one Class B Share of which one is outstanding as a fully paid and non-assessable share. In addition, as of March 26, 2010, there were 9,328,338 stock options outstanding to acquire common shares of Cameco pursuant to the Company's stock option plan. The Articles of Incorporation of Cameco (the "Articles") contain provisions imposing restraints on the issue, transfer and ownership of voting securities of Cameco. (See *Restrictions on Ownership and Voting below*.) The following is a summary of the material provisions attaching to these classes of shares.

Common Shares

Subject to the limitations described below, the holders of common shares are entitled to one vote per common share on all matters to be voted on by the shareholders at any meetings of shareholders (other than at meetings of only holders of some other class or series), and are entitled to receive such dividends as may be declared by the board of directors of Cameco. The common shares are subordinate to the rights of the holders of each series of the First Preferred Shares and Second Preferred Shares that may be outstanding as to payment of dividends and to the distribution of assets in the event of liquidation, dissolution or winding up of Cameco or any other distribution of the assets of Cameco among its shareholders for the purpose of winding up its affairs. The holders of the common shares have no pre-emptive, redemption, purchase or conversion rights in respect of such shares. Except as described under *Description of Share Capital – Restrictions on Ownership and Voting* below, non-residents of Canada who hold common shares have the same rights as shareholders who are residents of Canada.

Class B Shares

The holder of the Class B share (the "Class B Share"), the Province of Saskatchewan, is entitled to receive notice of and to attend all meetings of shareholders including meetings of any class or series thereof but does not have the right to vote

at any such meeting other than a meeting of the holder of the Class B Share as a class. The holder of the Class B Share does not have the right to vote separately as a class, except on any proposal to: (i) amend Part I of Schedule B of the Articles; (ii) amalgamate that would effect an amendment to Part I of Schedule B of the Articles; or (iii) amend the Articles so as to alter the rights attached to the Class B Share. Part I of Schedule B of the Articles provides that (A) the registered office and head office operations of Cameco must be located in the Province of Saskatchewan (the "Province"), (B) all of the executive officers (vice-chairman of the board, chief executive officer, chief operating officer, chief financial officer and president) of the Company, except for the chairman of the board, and substantially all of the senior officers (vice presidents) of the Company must be ordinarily resident in the Province, and (C) all annual meetings of shareholders of the Company must be held at a place in the Province. The holder of the Class B Share is entitled to request and receive information from Cameco for the purpose of determining whether the provisions of Part I of Schedule B of the Articles are being complied with. The holder of the Class B Share does not have the right to receive any dividends declared by the Company. Subject to the prior rights of each series of First Preferred Shares and Second Preferred Shares, the holder of the Class B Share ranks equally with holders of common shares with respect to the distribution of assets in the event of liquidation, dissolution or winding up of the Company. The holder of the Class B Share has no pre-emptive, redemption, purchase or conversion rights in respect of such share. The Class B Share is non-transferable.

First Preferred Shares

The First Preferred Shares are issuable from time to time in one or more series and the board of directors of Cameco may determine by resolution the number of shares in, and the designation, rights, privileges, restrictions and conditions attaching to, each series. The First Preferred Shares of each series will rank equally with the shares of every other series of First Preferred Shares and prior to the Second Preferred Shares, the common shares and the Class B Share with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding up of the Company and may carry voting rights.

Second Preferred Shares

The Second Preferred Shares are issuable from time to time in one or more series and the board of directors of Cameco may determine by resolution the number of shares in, and the designation, rights, privileges, restrictions and conditions attaching to, each series. The Second Preferred Shares of each series will rank equally with the shares of every other series of Second Preferred Shares and prior to the common shares and the Class B Share with respect to the payment of dividends and the distributions of assets in the event of liquidation, dissolution or winding up of the Company and may carry voting rights.

Restrictions on Ownership and Voting

Limits on the Holdings of Residents and Non-Residents of Canada

The Articles, pursuant to the requirements of the *Eldorado Nuclear Limited Reorganization and Divestiture Act* (Canada) as amended (the "ENL Reorganization Act"), contain provisions imposing constraints on the issue, transfer and ownership, including joint ownership, of voting securities of Cameco so as to prevent both residents and non-residents from owning or controlling more than a specified percentage of voting securities. The constraints affect the common shares of the Company.

Specifically, no resident, alone or together with associates, may hold, beneficially own or control, directly or indirectly, other than by way of security only or for purposes of distribution by an underwriter, voting securities to which are attached more than 25% of the votes than may ordinarily be cast to elect directors of Cameco. Similarly, no non-resident, alone or together with associates, may hold, beneficially own or control, directly or indirectly, other than by way of security only or for purposes of distribution by an underwriter, voting securities to which are attached more than 15% of the votes that may ordinarily be cast to elect directors of Cameco. Further, the votes attaching to securities of Cameco held, beneficially owned or controlled, directly or indirectly, by all non-residents together, and cast at any meeting of shareholders of Cameco will be counted or pro-rated so as to limit the counting of those votes to not more than 25% of the total number of votes cast by the shareholders at that meeting. In certain prior years, including in 2009,

Cameco has limited the counting of votes by non-residents of Canada at its annual shareholders meeting to abide by this restriction, which resulted in non-residents of Canada receiving less than one vote per share.

Enforcement

In order to give effect to such constraints, the Articles contain provisions for the enforcement of the restrictions relating to ownership and voting by residents and non-residents described above, including provisions for suspension of voting rights, forfeiture of dividends and other distributions to shareholders, prohibitions against the issue and transfer of securities and suspension of all remaining shareholders' rights.

The provisions allow Cameco to require holders, proposed transferees or other subscribers for voting securities and certain other persons to furnish shareholder declarations as to residence, ownership of voting securities and certain other matters relative to the enforcement of the restrictions. Cameco is precluded from issuing or registering a transfer of any voting securities where a contravention of the resident or non-resident ownership restrictions would result.

If Cameco has reason to believe, whether through shareholder declarations filed with it or its books and records or those of its registrar and transfer agent or otherwise, that voting securities are held by a shareholder in contravention of the resident or non-resident ownership restrictions, it has the power to suspend all rights of the shareholder in respect of all securities held, other than the right to transfer them, not earlier than 30 days after first sending notice to the shareholder, unless the voting securities so held have been disposed of by the shareholder and Cameco has been so advised.

Definitions

The following definitions apply for the purposes of the restrictions described above:

"*non-resident*" means:

(i) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;

(ii) a corporation incorporated, formed or otherwise organized outside Canada;

(iii) a foreign government or an agency thereof;

(iv) a corporation that is controlled by non-residents, directly or indirectly, as defined in any of (i) to (iii) above;

(v) a trust:

(A) established by a non-resident as defined in any of (ii) to (iv) above, other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents; or

(B) in which non-residents as defined in any of (i) to (iv) above have more than fifty percent of the beneficial interest; or

(vi) a corporation that is controlled by a trust described in (v) above;

"*resident*" means an individual, corporation, government or agency thereof or trust that is not a non-resident;

"*voting security*" means a share or other security of Cameco carrying full voting rights under all circumstances or under some circumstances that have occurred and are continuing, and includes:

(i) a security currently convertible into such a share or other security; and

(ii) currently exercisable options and rights to acquire such a share or other security or such convertible share or other security;

"*person*" includes any individual, corporation, government or agency thereof, executor, administrator or other legal representative; a person is an associate of another person if:

(i) one is a corporation of which the other is an officer or director;

(ii) one is a corporation that is controlled by the other or by a group of persons of which the other is a member;

(iii) one is a partnership of which the other is a partner;

(iv) one is a trust of which the other is a trustee;

(v) both are corporations controlled by the same person;

(vi) both are members of a voting trust or parties to an arrangement that relates to voting securities of Cameco; or

(vii) both are at the same time associates, within the meaning of any of (i) to (vi) above, of the same person; provided that:

(A) if a resident who, but for this paragraph, would be an associate of a non-resident submits to Cameco a statutory declaration stating that no voting securities are held, directly or indirectly, for a non-resident, that resident and non-resident are not associates of each other, provided the statutory declaration is not false;

(B) two corporations are not associates pursuant to (vii) above by reason only that each is an associate of the same person pursuant to (i) above;

(C) if any person appears to Cameco to hold voting securities to which are attached not more than the lesser of four one-hundredths of one percent of the votes that may ordinarily be cast to elect directors of Cameco and 10,000 such votes, that person is not an associate of any other person and no other person is an associate of that person in relation to those voting securities;

"*control*" means control in any manner that results in control in fact, whether directly through ownership of securities or indirectly through a trust, an agreement, the ownership of nay body corporate or otherwise; and

"*beneficial ownership*" includes ownership through a trustee, legal representative, agent or other intermediary.

Other Restrictions

The ENL Reorganization Act places certain other restrictions on Cameco, including prohibition against applying for continuance in another jurisdiction and a prohibition against Cameco enacting articles of incorporation or bylaws containing provisions inconsistent with the provisions included in the ENL Reorganization Act. The ENL Reorganization Act provides that the Articles must contain restrictions on Cameco including a prohibition against Cameco creating restricted shares (generally a participating share containing restrictive voting rights) and the requirement that Cameco maintain its registered office and its head office operations within the Province of Saskatchewan.

The Saskatchewan Mining Development Corporation Reorganization Act also requires Cameco to maintain its registered office and its head office operations (generally all executive, corporate planning, senior management, administrative and general management functions) within the Province of Saskatchewan.

The bylaws of the Company provide that a majority of the members of the board of directors of Cameco shall be resident Canadians. The Articles provide that the number of directors will be not less than three and not more than fifteen. The number of directors is presently fixed at fourteen.

Ratings of Securities

Cameco has two series of senior unsecured debentures outstanding and in the past has been a frequent issuer of commercial paper. Cameco's senior unsecured debentures ("Senior Unsecured Debentures") consist of $300 million of debentures that bear interest at the rate of 4.7% per annum and which mature September 16, 2015 and $500 million of debentures that bear interest at the rate of 5.67% per annum and which mature September 2, 2019. At March 26, 2010 there was nothing outstanding under Cameco's commercial paper program.

As summarized in the following table, DBRS and Standard & Poor's ("S&P") have provided ratings of the Company's commercial paper and Senior Unsecured Debentures:

Security	DBRS(1)	S&P(2)
Commercial Paper	R-1 (low)	A-1 (low)(3)
Senior Unsecured Debentures	A (low)	BBB+

(1) Current as of August 2009.

(2) Current as of August 2009.

(3) A-1 (low) is the Canadian National Scale Rating while the Global Scale Rating is A-2.

The credit ratings provided by DBRS and S&P ("Rating Agencies") are not recommendations to buy, hold or sell the securities, as such ratings do not comment on the market price or suitability for an individual investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant. Cameco provides the Rating Agencies with confidential, in-depth information in support of the rating process.

The rating ranges, definitions of the rating categories and the relative rankings assigned within the respective rating classification systems are as follows:

Commercial Paper

Commercial paper rating scales are meant to give an indication of the risk that a borrower will not fulfill its near-term debt obligations in a timely manner. DBRS rates commercial paper by rating categories ranging from a high of R-1 to a low of D. The rating of R-1 (low) from DBRS is at the lower end of the R-1 category. An R-1 (low) rating is characterized as having "satisfactory credit quality" and is the third highest of ten available credit ratings. S&P rates commercial paper by rating categories ranging from a high of A-1 (high) to a low of D. The rating of A-1 (low) from S&P is characterized as having "satisfactory capacity to meet its financial commitments on the obligation" and is the third highest of eight available credit ratings.

Senior Unsecured Debentures

Long-term debt rating scales are meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both interest and principal commitments. DBRS rates senior unsecured debt by rating categories ranging from a high of AAA to a low of D. The rating of A (low) from DBRS is at the lower end of the A category. The A category is characterized as having "satisfactory credit quality" and is the third highest of ten available credit ratings. S&P rates senior unsecured debt by rating categories ranging from a high of AAA to a low of D. The rating of BBB+ from S&P is at the higher end of the BBB category. The BBB category is characterized as exhibiting "adequate protection parameters" and is the fourth highest of ten available credit ratings.

Dividend Policy

At the time of the Company's initial public offering in 1991, the board of directors of the Company established a policy of paying quarterly dividends.

In December 2004, Cameco's board of directors approved a three-for-one stock split of its outstanding common shares, to be effected by way of a stock dividend. All shareholders received two additional shares for each share owned on the

record date of December 31, 2004. The board of directors also approved an increase in the annual dividend from $0.60 to $0.72 ($0.24 post split) beginning in 2005.

In January 2006, Cameco's board of directors approved a two-for-one stock split of its outstanding shares, to be effected by way of a stock dividend. All shareholders received one additional share for each share owned on the record date of February 17, 2006. The board of directors also approved an increase in the annual dividend from $0.24 to $0.32 ($0.16 post-split) beginning in 2006.

In December 2006, Cameco's board of directors approved an increase in the annual dividend from $0.16 to $0.20 beginning in 2007.

In December 2007, Cameco's board of directors approved an increase in the annual dividend from $0.20 to $0.24 beginning in 2008.

In December 2009, Cameco's board of directors approved an increase in the annual dividend from $0.24 to $0.28 beginning in 2010.

This policy will be reviewed from time to time in light of the Company's financial position and other factors considered relevant by the board of directors.

The following table sets forth the cash dividends per common share for each of the most recently completed financial years (adjusted for the February 17, 2006 stock split).

	2009	2008	2007
Cash dividends declared per common share	$0.24	$0.24	$0.20

LEGAL PROCEEDINGS

A description of certain legal proceedings to which Cameco or its subsidiaries are a party is included in Notes 18 and 26 to the 2009 Financial Statements.

2009 FINANCIAL STATEMENTS

Cameco's audited consolidated financial statements and notes thereto for the year ended December 31, 2009 are incorporated herein by reference. This document is available on SEDAR at sedar.com and on EDGAR at sec.gov as an exhibit to Cameco's Form 40-F. This document is also referred to in this Annual Information Form as "2009 Financial Statements".

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's Management's Discussion and Analysis for the year ended December 31, 2009 is incorporated herein by reference. This document (also referred to in this Annual Information Form as the 2009 MD&A) is available on SEDAR at sedar.com and on EDGAR at sec.gov as an exhibit to Cameco's Form 40-F.

MARKET FOR SECURITIES

The Company's common shares are listed and traded on the Toronto Stock Exchange (CCO) and the New York Stock Exchange (CCJ).

The Canadian registrar and transfer agent for the Company' common shares is CIBC Mellon Trust Company through its offices at 320 Bay Street, P.O. Box 1, Toronto, Ontario M5H 4A6. The US registrar and transfer agent for the Company's common shares is Mellon Investor Services LLC through its offices at 29 Jersey City, New Jersey, 07310.

Price Range and Trading Volume of Common Shares

The following table sets forth the range of high and low closing prices and trading volume for the common shares of the Company on the TSX for the periods indicated.

	TSX		
2009	**High ($)**	**Low ($)**	**Volume**
January	24.82	19.90	24,883,403
February	21.37	16.01	54,896,992
March	22.70	17.01	41,029,786
April	27.99	20.41	30,172,130
May	31.68	26.75	29,993,509
June	32.00	26.78	26,825,175
July	30.11	26.40	16,595,313
August	31.98	28.57	17,396,194
September	32.97	28.10	21,180,759
October	33.43	27.90	24,019,323
November	32.29	28.80	19,155,979
December	34.50	30.46	19,431,468

DIRECTORS AND OFFICERS

Directors

Name, Office held in Corporation and Municipality of Residence	**Principal Occupation or Employment**	**Director Since**(1)
JOHN H. CLAPPISON (3, 4) Toronto, Ontario, Canada	Corporate Director, commencing in 2006; prior: 1990 to December 2005, managing partner of the Toronto office of PricewaterhouseCoopers LLP.	2006
JOE F. COLVIN (4, 6) Kiawah Island, South Carolina, U.S.A.	Corporate Director and President Emeritus of Nuclear Energy Institute, February 16, 2005 to present.	1999
JAMES R. CURTISS (5, 6) Brookeville, Maryland, U.S.A.	Corporate Director, April 1, 2008 to present; prior: Lawyer, Partner, Winston & Strawn, 1993 to March 31, 2008.	1994
GEORGE S. DEMBROSKI (3, 5, 6) Toronto, Ontario, Canada	Corporate Director, 1998 to present.	1996
DONALD H.F. DERANGER (2, 4) Prince Albert, Saskatchewan, Canada	Athabasca Vice Chief of the Prince Alberta Grand Council since 2003; President of Points Athabasca Contracting Ltd. since 2001.	2009
JAMES K. GOWANS (2, 4, 6) Toronto, Ontario, Canada	COO and Chief Technical Officer of DeBeers SA since March 2010; President and CEO of DeBeers Canada Inc. since April 2006; prior: Senior Vice-President and COO of PT Inco in Indonesia from 2002-2006.	2009

Name, Office held in Corporation and Municipality of Residence	Principal Occupation or Employment	Director Since(1)
GERALD W. GRANDEY President and Chief Executive Officer Saskatoon, Saskatchewan, Canada	Assumed current position January 2003.	2000
NANCY E. HOPKINS, Q.C. (3, 6) Saskatoon, Saskatchewan, Canada	Lawyer, Partner, McDougall Gauley LLP, 1984 to present. Effective January 2001 Gauley & Company merged with McDougall Ready to form McDougall Gauley.	1992
OYVIND HUSHOVD (2, 3, 5) Kristiansand S, Norway	Corporate Director, June 1, 2005 to present; prior: Chairman and Chief Executive Officer of Gabriel Resources Ltd., May 2003 to May 31, 2005.	2003
J.W. GEORGE IVANY (3, 4, 5) Kelowna, British Columbia, Canada	Corporate Director, 1999 to present.	1999
A. ANNE McLELLAN (4, 5, 6) Edmonton, Alberta, Canada	Lawyer, Counsel, Bennett Jones LLP June, 2006 to present; prior: 1993 to 2006, served as a cabinet minister in various portfolios with the Canadian government, most recently as Deputy Prime Minister of Canada from 2003 to 2006.	2006
A. NEIL McMILLAN (2, 3) Saskatoon, Saskatchewan, Canada	President and Chief Executive Officer, Claude Resources Inc. March 1, 2004 to present.	2002
ROBERT W. PETERSON (3, 4, 5) Regina, Saskatchewan, Canada	Member of the Senate of Canada 2005 to present and President and Chief Operating Officer Denro Holdings Ltd. 1994 to present.	1994
VICTOR J. ZALESCHUK (2) Calgary, Alberta, Canada	Corporate Director, November 2001 to present.	2001

Notes:

(1) Each director will hold office until the next annual meeting unless such director's office is earlier vacated in accordance with the corporate law requirements applicable to the Company from time to time.

(2) Member of the reserves oversight committee.

(3) Member of the audit committee.

(4) Member of the safety, health and environment committee.

(5) Member of the human resources and compensation committee.

(6) Member of the nominating, corporate governance and risk committee.

Officers

Name, Office held in Corporation and Municipality of Residence	Principal Occupation or Employment for Past Five Years
VICTOR J. ZALESCHUK Chair Calgary, Alberta, Canada	Corporate Director, November 2001 to present.
GERALD W. GRANDEY President and Chief Executive Officer Saskatoon, Saskatchewan, Canada	Assumed current position January 2003.

Name, Office held in Corporation and Municipality of Residence	Principal Occupation or Employment for Past Five Years
TIMOTHY S. GITZEL Senior Vice-President and Chief Operating Officer Saskatoon, Saskatchewan, Canada	Assumed current position January 2007; prior: Executive Vice-President, mining business unit, AREVA June 2004 to January 2007; President and Chief Executive Officer, Cogema Resources Inc. September 2001 to June 2004.
GEORGE B. ASSIE Senior Vice-President, Marketing and Business Development Saskatoon, Saskatchewan, Canada	Assumed current position January 2003.
O. KIM GOHEEN Senior Vice-President and Chief Financial Officer Saskatoon, Saskatchewan, Canada	Assumed current position August 2004.
GRANT E. ISAAC Senior Vice-President, Corporate Services Saskatoon, Saskatchewan, Canada	Assumed current position July 13, 2009; prior: Dean of Edwards School of Business (formerly College of Commerce), University of Saskatchewan from 2006 to 2009; Professor at the University of Saskatchewan from 2000-2006.
GARY M.S. CHAD, Q.C. Senior Vice-President, Governance, Law and Corporate Secretary Saskatoon, Saskatchewan, Canada	Assumed current position January 2000.

To the knowledge of the Company, the number of common shares of Cameco which were beneficially owned, directly or indirectly, or over which control or direction was exercised by all directors and officers of Cameco as a group, as at March 26, 2010, was 563,074 representing less than 1% of the outstanding common shares of Cameco.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

None of the directors or officers of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company are, or have been within the past ten years, a director or executive officer of another company which, during such individual's tenure:

(a) was the subject of a cease trade or similar order or an order that denied that company access to any statutory exemptions for a period exceeding 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied that issuer access to any statutory exemptions for a period exceeding 30 consecutive days; or

(c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

None of the directors or officers of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company are, or have been within the past ten years, directors, officers or promoters of other companies which were declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with any creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

None of the directors or executive officers of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Interest of Management and Others in Material Transactions

To the best of the Company's knowledge, none of the directors, executive officers or shareholders exercising control or direction or over 10% of any class of the Company's outstanding securities, nor their associates or affiliates, have any material interests in material transactions which have affected, or will materially affect, the Company.

AUDIT COMMITTEE

Audit Committee Charter

A copy of the audit committee charter is attached as Appendix "A" and is also available on the Company's website www.cameco.com under "Governance".

Composition of the Audit Committee

The members of the audit committee are John Clappison (chair), Nancy Hopkins, George Dembroski, Oyvind Hushovd, George Ivany, Neil McMillan and Robert Peterson. Each member of the committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 of the Canadian Securities Administrators.

Relevant Education and Experience

John Clappison, a corporate director, is the former managing partner of the Toronto office of PricewaterhouseCoopers LLP. He currently serves on three other publicly traded companies, and the boards of other private and not-for-profit organizations. Mr. Clappison is a chartered accountant and a Fellow of the Institute of Chartered Accountants of Ontario.

Nancy Hopkins is a partner with the law firm of McDougall Gauley, LLP in Saskatoon where she concentrates her practice on corporate and commercial law and taxation. She currently serves on two other publicly traded companies, the board of governors of the University of Saskatchewan, the board of the Saskatoon Airport Authority and the CPP Investment Board. She formerly served on the board of the Canadian Institute of Chartered Accountants. Ms. Hopkins has a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Saskatchewan.

George Dembroski is a corporate director and the former vice-chairman and director of RBC Dominion Securities Limited (an investment dealer). He became a chartered accountant in 1959 and has a bachelor of arts degree in business administration from the University of Western Ontario. He currently serves on the board of one other publicly traded company and one private company.

Oyvind Hushovd, a corporate director, is the former Chair and Chief Executive Officer of Gabriel Resources Ltd., a Canadian-based precious metals exploration and development company, retiring in 2005. Prior to that he was the President and Chief Executive Officer of Falconbridge Limited from 1996 to 2002. He currently serves on the boards of two other publicly traded companies and one private company. Mr. Hushovd received a Master of Economics and Business Administration degree from the Norwegian School of Business and a Master of Law degree from the University of Oslo.

George Ivany, a corporate director, is the former President and Vice-Chancellor of the University of Saskatchewan. Dr. Ivany received a Bachelor of Science degree in Chemistry and Physics and a diploma in education from Memorial University of Newfoundland. He received a Master of Arts degree in Physics Education from the Teachers College, Columbia University and a Ph.D. in Secondary Education from the University of Alberta.

Neil McMillan is the President and Chief Executive Officer of Claude Resources Inc., a gold mining and oil and gas producing company based in Saskatoon, Saskatchewan. He currently serves on the boards of two other publicly traded companies (including Claude Resources Inc.) and previously sat on the board of Atomic Energy Canada Ltd. Mr. McMillan received a Bachelor of Arts degree in History and Sociology from the University of Saskatchewan.

Robert Peterson, Senator, is a member of the Senate of Canada, having been appointed in 2005. He is also the President and Chief Operating Officer of Denro Holdings Ltd., a diversified corporation involved in real estate development, investor fund management and property management. Mr. Peterson received a Bachelor of Science degree in Civil Engineering from the University of Saskatchewan.

Fees Paid to External Auditors

Fees paid to the external auditors during the years ended December 31, 2009 and 2008 were as follows:

	2009	% of Total Fees	2008	% of Total Fees
Audit Fees:				
Cameco	$ 1,756,900	49.2%	$ 1,388,760	44.6%
Centerra and other subsidiaries	978,600	27.4%	1,197,276	38.5%
Total Audit Fees	$ 2,735,500	76.6%	$ 2,586,036	83.1%
Audit-Related Fees:				
Cameco	$ 219,800	6.1%	$ 98,200	3.1%
Centerra and other subsidiaries	32,300	0.9%	—	—
Translation services	424,000	11.9%	170,000	5.5%
Pensions	—	—	15,000	0.5%
Total Audit-Related Fees	$ 676,100	18.9%	$ 283,200	9.1%
Tax Fees:				
Compliance	$ 40,000	1.1%	$ 121,500	3.9%
Planning and advice	122,400	3.4%	122,300	3.9%
Total Tax Fees	$ 162,400	4.5%	$ 243,800	7.8%
All Other Fees:	—	—	—	—
Total Fees:	$ 3,574,000	100.0%	$ 3,113,036	100.0%

External Audit Pre-Approval Practices

As part of Cameco's corporate governance practices, under Cameco's audit committee charter, the audit committee is required to pre-approve the audit and non-audit services performed by the external auditors. The audit committee pre-approves the audit and non-audit services up to a maximum specified level of fees. If fees relating to audit and non-audit services are expected to exceed this level or if a type of audit or non-audit service is to be performed that previously has not been pre-approved, then separate pre-approval by Cameco's audit committee or audit committee chair, or in the absence of the audit committee chair, the chair of the board, is required. All pre-approvals granted pursuant to the delegated authority must be presented by the member(s) who granted the pre-approvals to the full committee at its next meeting. The audit committee has adopted a written policy to provide procedures to implement the foregoing principles.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business not otherwise required to be disclosed, that have been entered into by Cameco within the most recently completed fiscal year or before the most recently completed fiscal year but still in effect:

(a) On September 16, 2005, Cameco entered into the Third Supplemental Indenture with CIBC Mellon Trust Company in connection with the issuance on September 16, 2005 of $300 million principal amount of 4.7% unsecured debentures due in 2015. This Third Supplemental Indenture, together with the July 12, 1999 original indenture, sets out the terms and conditions pertaining to the $300 million principal amount of 4.7% unsecured debentures due in 2015. For more details on these debentures, see *Description of Securities-Rating of Securities*.

(b) On September 2, 2009, Cameco entered into the Fourth Supplemental Indenture with CIBC Mellon Trust Company in connection with the issuance on September 2, 2009 of $500 million principal amount of 5.67% unsecured debentures due in 2019. This Fourth Supplemental Indenture, together with the July 12, 1999 original indenture, sets out the terms and conditions pertaining to the $500 million principal amount of 5.67% unsecured debentures due in 2019. For more details on these debentures, see *Description of Securities-Rating of Securities*.

INTEREST OF EXPERTS

Name of Experts

The Company's auditor is KPMG LLP, independent chartered accountants, who have audited the 2009 Financial Statements.

The qualified persons, as defined by NI 43-101, who have prepared or supervised preparation of the scientific and technical information in this Annual Information Form regarding the Company's material uranium properties (McArthur River, Inkai and Cigar Lake), including uranium mineral reserve and resources estimates, are named above at *The Nuclear Business — Reserves and Resources* . All of the qualified persons are employees of Cameco except Mr. Foldenauer, who is an employee of JV Inkai. Cameco owns 60% of JV Inkai.

Interest of Experts

KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

To the knowledge of the Company, the qualified persons named or referred above under "Name of Experts" beneficially own, directly or indirectly, less than 1% of any class of the Company's outstanding securities.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) under the Company's name at sedar.com and on EDGAR at sec.gov. Further additional information, including directors' and officers' remuneration and indebtedness, principal holders of Cameco securities, if any, and securities authorized for issuance under equity compensation plans, can be found in Cameco's April 16, 2009 Management Proxy Circular for its May 2009 annual meeting of shareholders and will be found in Cameco's Management Proxy Circular for its May 2010 annual meeting of shareholders that is expected to be available in April 2010. Such additional financial information is provided in the 2009 Financial Statements and the 2009 MD&A relating to the same, which are incorporated herein by reference, as well as in the reconciliation to United States GAAP filed with securities regulators on SEDAR and on EDGAR.

Appendix "A"

AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

MANDATE

PURPOSE

The primary purpose of the audit committee (committee) is to assist the board of directors (board) in fulfilling its oversight responsibilities for (a) the accounting and financial reporting processes, (b) the internal controls, (c) the external auditors, including performance, qualifications, independence, and their audit of the corporation's financial statements, (d) the performance of the corporation's internal audit function, (e) risk management of financial risks as delegated by the board, (f) the corporation's process for monitoring compliance with laws and regulations (other than environmental and safety laws) and its code of conduct and ethics, and (g) prevention and detection of fraudulent activities. The committee shall also prepare such reports as required to be prepared by it by applicable securities laws.

In addition, the committee provides an avenue for communication between each of the internal auditor, the external auditors, management, and the board. The committee shall have a clear understanding with the external auditors that they must maintain an open and transparent relationship with the committee and that the ultimate accountability of the external auditors is to the board and the committee, as representatives of the shareholders. The committee, in its capacity as a committee of the board, subject to the requirements of applicable law, is directly responsible for the appointment, compensation, retention, and oversight of the external auditors.

The committee has the authority to communicate directly with the external auditors and internal auditor.

The committee shall make regular reports to the board concerning its activities and in particular shall review with the board any issues that arise with respect to the quality or integrity of the corporation's financial statements, the performance and independence of the external auditors, the performance of the corporation's internal audit function, or the corporation's process for monitoring compliance with laws and regulations other than environmental and safety laws.

COMPOSITION

The board shall appoint annually, from among its members, a committee and its chair. The committee shall consist of at least three members and shall not include any director employed by the corporation.

Each committee member will be independent pursuant to the standards for independence adopted by the board.

Each committee member shall be financially literate with at least one member having accounting or related financial expertise, using the terms defined as follows:

"Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the corporation's financial statements; and

"Accounting or related financial expertise " means the ability to analyse and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

In addition, where possible, at least one member of the committee shall qualify as an "audit committee financial expert" within the meaning of applicable securities law.

Members of the committee may not serve on the audit committees of more than two additional public companies without the approval of the board.

MEETINGS

The committee will meet at least four times annually and as many additional times as the committee deems necessary to carry out its duties effectively. The committee will meet separately in private with the external auditors, the internal auditor and management at each regularly scheduled meeting.

A majority of the members of the committee shall constitute a quorum. No business may be transacted by the committee except at a meeting of its members at which a quorum of the committee is present.

The committee may invite such officers, directors and employees of the corporation as it may see fit from time to time to attend at meetings of the committee and assist thereat in the discussion and consideration of any matter.

A meeting of the committee may be convened by the chair of the committee, a member of the committee, the external auditors, the internal auditor, the chief executive officer or the chief financial officer. The secretary, who shall be appointed by the committee, shall, upon direction of any of the foregoing, arrange a meeting of the committee. The committee shall report to the board in a timely manner with respect to each of its meetings.

DUTIES AND RESPONSIBILITIES

To carry out its oversight responsibilities, the committee shall:

Financial Reporting Process

1. Review with management and the external auditors any items of concern, any proposed changes in the selection or application of major accounting policies and the reasons for the change, any identified risks and uncertainties, and any issues requiring management judgement, to the extent that the foregoing may be material to financial reporting.

2. Consider any matter required to be communicated to the committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the external auditors' report to the committee (and management's response thereto) on: (a) all critical accounting policies and practices used by the corporation; (b) all material alternative accounting treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the external auditors; and (c) any other material written communications between the external auditors and management.

3. Require the external auditors to present and discuss with the committee their views about the quality, not just the acceptability, of the implementation of generally accepted accounting principles with particular focus on accounting estimates and judgements made by management and their selection of accounting principles.

4. Discuss with management and the external auditors (a) any accounting adjustments that were noted or proposed (i.e. immaterial or otherwise) by the external auditors but were not reflected in the financial statements, (b) any material correcting adjustments that were identified by the external auditors in accordance with generally accepted accounting principles or applicable law, (c) any communication reflecting a difference of opinion between the audit team and the external auditors' national office on material auditing or accounting issues raised by the engagement, and (d) any "management" or "internal control" letter issued, or proposed to be issued, by the external auditors to the corporation.

5. Discuss with management and the external auditors any significant financial reporting issues considered during the fiscal period and the method of resolution. Resolve disagreements between management and the external auditors regarding financial reporting.

6. Review with management and the external auditors (a) any off-balance sheet financing mechanisms being used by the corporation and their effect on the corporation's financial statements and (b) the effect of regulatory and accounting initiatives on the corporation's financial statements, including the potential impact of proposed initiatives.

7. Review with management and the external auditors and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the corporation, and the manner in which these matters have been disclosed or reflected in the financial statements.

8. Review with the external auditors any audit problems or difficulties experienced by the external auditors in performing the audit, including any restrictions or limitations imposed by management, and management's response. Resolve any disagreements between management and the external auditors regarding these matters.

9. Review the results of the external auditors' audit work including findings and recommendations, management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.

10. Review and discuss with management and the external auditors the audited annual financial statements and related management discussion and analysis, make recommendations to the board with respect to approval thereof, before being released to the public, and obtain an explanation from management of all significant variances between comparable reporting periods. Obtain confirmation from management and the external auditors that the reconciliation of the audited financial statements to U.S. GAAP complies with the requirements of U.S. securities laws.

11. Review and discuss with management and the external auditors all interim unaudited financial statements and quarterly reports and related interim management discussion and analysis and make recommendations to the board with respect to the approval thereof, before being released to the public.

12. Obtain confirmation from the chief executive officer and the chief financial officer (and considering the external auditors' comments, if any, thereon) to their knowledge:

    (a) that the audited financial statements, together with any financial information included in the annual MD&A and annual information form, fairly represent in all material respects the corporation's financial condition, cash flow and results of operation, as of the date and for the periods presented in such filings; and

    (b) that the interim financial statements, together with any financial information included in the interim MD&A, fairly represent in all material respects the corporation's financial condition, cash flow and results of operation, as of the date and for the periods presented in such filings.

13. Review earnings press releases, before being released to the public. Discuss the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro-forma" or "adjusted" Non-GAAP, information).

14. Review any news release, before being released to the public, containing earnings guidance or financial information based upon the corporation's financial statements prior to the release of such statements.

15. Review the appointment of the chief financial officer and have the chief financial officer report to the committee on the qualifications of new key financial executives involved in the financial reporting process.

16. Consult with the human resources and compensation committee on the succession plan for the chief financial officer and controller. Review the succession plans in respect of the chief financial officer and controller.

Internal Controls

1. Receive from management a statement of the corporation's system of internal controls over accounting and financial reporting.

2. Consider and review with management, the internal auditor and the external auditors, the adequacy and effectiveness of internal controls over accounting and financial reporting within the corporation and any proposed significant changes in them.

3. Consider and discuss the scope of the internal auditors and external auditors review of the corporation's internal controls, and obtain reports on significant findings and recommendations, together with management responses.

4. Discuss, as appropriate, with management, the external auditors and the internal auditor, any major issues as to the adequacy of the corporation's internal controls and any special audit steps in light of material internal control deficiencies.

5. Review annually the disclosure controls and procedures, including (a) the certification timetable and related process and (b) the procedures that are in place for the review of the corporation's disclosure of financial information extracted from the corporation's financial statements and the adequacy of such procedures. Receive confirmation from the chief executive officer and the chief financial officer of the effectiveness of disclosure controls and procedures, and whether there are any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the corporation's ability to record, process, summarize and report financial information or any fraud, whether or not material, that involves management or other employees who have a significant role in the corporation's internal control over financial reporting. In addition, receive confirmation from the chief executive officer and the chief financial officer that they are prepared to sign the annual and quarterly certificates required by applicable securities law.

6. Review management's annual report and the external auditors' report on the assessment of the effectiveness of the corporation's internal control over financial reporting.

7. Receive a report, at least annually, from the reserves oversight committee of the board on the corporation's mineral reserves.

External Auditors

(i) External Auditors' Qualifications and Selection

1. Subject to the requirements of applicable law, be solely responsible to select, retain, compensate, oversee, evaluate and, where appropriate, replace the external auditors, who must be registered with agencies mandated by applicable law. The committee shall be entitled to adequate funding from the corporation for the purpose of compensating the external auditors for completing an audit and audit report.

2. Instruct the external auditors that:

   (a) they are ultimately accountable to the board and the committee, as representatives of shareholders; and

   (b) they must report directly to the committee.

3. Ensure that the external auditors have direct and open communication with the committee and that the external auditors meet regularly with the committee without the presence of management to discuss any matters that the committee or the external auditors believe should be discussed privately.

4. Evaluate the external auditors' qualifications, performance, and independence. As part of that evaluation:

   (a) at least annually, request and review a formal report by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditors' independence) all relationships between the external

auditors and the corporation, including the amount of fees received by the external auditors for the audit services and for various types of non-audit services for the periods prescribed by applicable law; and

(b) annually review and confirm with management and the external auditors the independence of the external auditors, including the extent of non-audit services and fees, the extent to which the compensation of the audit partners of the external auditors is based upon selling non-audit services, the timing and process for implementing the rotation of the lead audit partner, reviewing partner and other partners providing audit services for the corporation, whether there should be a regular rotation of the audit firm itself, and whether there has been a "cooling off" period of one year for any former employees of the external auditors who are now employees with a financial oversight role, in order to assure compliance with applicable law on such matters; and

(c) annually review and evaluate senior members of the external audit team, including their expertise and qualifications. In making this evaluation, the audit committee should consider the opinions of management and the internal auditor.

Conclusions on the independence of the external auditors should be reported to the board.

5. Review and approve the corporation's policies for the corporation's hiring of employees and former employees of the external auditors. Such policies shall include, at minimum, a one-year hiring "cooling off" period.

(ii) Other Matters

6. Meet with the external auditors to review and approve the annual audit plan of the corporation's financial statements prior to the annual audit being undertaken by the external auditors, including reviewing the year-to-year co-ordination of the audit plan and the planning, staffing and extent of the scope of the annual audit. This review should include an explanation from the external auditors of the factors considered by the external auditors in determining their audit scope, including major risk factors. The external auditors shall report to the committee all significant changes to the approved audit plan.

7. Review and approve the basis and amount of the external auditors' fees with respect to the annual audit in light of all relevant matters.

8. Review and pre-approve all audit and non-audit service engagement fees and terms in accordance with applicable law, including those provided to the subsidiaries of the corporation by the external auditors or any other person in its capacity as external auditors of such subsidiary. Between scheduled committee meetings, the chair of the committee, on behalf of the committee, is authorised to pre-approve any audit or non-audit service engagement fees and terms. At the next committee meeting, the chair shall report to the committee any such pre-approval given. Establish and adopt procedures for such matters.

Internal Auditor

1. Review and approve the appointment or removal of the internal auditor.

2. Review and discuss with the external auditors, management, and internal auditor the responsibilities, budget and staffing of the corporation's internal audit function.

3. Review and approve the mandate for the internal auditor and the scope of annual work planned by the internal auditor, receive summary reports of internal audit findings, management's response thereto, and reports on any subsequent follow-up to any identified weakness.

4. Ensure that the internal auditor has direct and open communication with the committee and that the internal auditor meets regularly with the committee without the presence of management to discuss any matters that the committee

or the internal auditor believe should be discussed privately, such as problems or difficulties which were encountered in the course of internal audit work, including restrictions on the scope of activities or access to required information, and any disagreements with management.

5. Review and discuss with the internal auditor and management the internal auditor's ongoing assessments of the corporation's business processes and system of internal controls.

6. Review the effectiveness of the internal audit function, including staffing, organizational structure and qualifications of the internal auditor and staff.

Compliance

1. Monitor compliance by the corporation with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the corporation personally liable.

2. The receipt of regular updates from management regarding compliance with laws and regulations and the process in place to monitor such compliance, excluding, however, legal compliance matters subject to the oversight of the safety, health and environment committee of the board. Review the findings of any examination by regulatory authorities and any external auditors' observations relating to such matters.

3. Establish and oversee the procedures in the code of conduct and ethics policy to address:

   (a) the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting or auditing matters; and

   (b) confidential, anonymous submissions by employees of concerns regarding questionable accounting and auditing matters.

   Receive periodically a summary report from the senior vice-president governance, law and corporate secretary on such matters as required by the code of conduct and ethics.

4. Monitor management's implementation of the code of conduct and ethics and the international business conduct policy and review compliance therewith by, among other things, obtaining an annual report summarising statements of compliance by employees pursuant to such policies and reviewing the findings of any investigations of non-compliance. Periodically review the adequacy and appropriateness of such policies and make recommendations to the board thereon.

5. Monitor management's implementation of the anti-fraud policy; and review compliance therewith by, among other things, receiving reports from management on:

   (a) any investigations of fraudulent activity;

   (b) monitoring activities in relation to fraud risks and controls; and

   (c) assessments of fraud risk.

Periodically review the adequacy and appropriateness of the anti-fraud policy and make recommendations to the board thereon.

6. Review all proposed related party transactions and situations involving a director's, senior officer's or an affiliate's potential or actual conflict of interest that are not required to be dealt with by an "independent committee" pursuant to securities law rules, other than routine transactions and situations arising in the ordinary course of business, consistent with past practice. Between scheduled committee meetings, the chair of the committee, on behalf of the

committee, is authorised to review all such transactions and situations. At the next committee meeting, the chair shall report the results of such review. Ensure that political and charitable donations conform with policies and budgets approved by the board.

7. Monitor management of hedging, debt and credit, make recommendations to the board respecting policies for management of such risks, and review the corporation's compliance therewith.

8. Approve the review and approval process for the expenses submitted for reimbursement by the chief executive officer.

ORGANIZATIONAL MATTERS

1. The procedures governing the committee shall, except as otherwise provided for herein, be those applicable to the board as set forth in Part 7 of the General Bylaws of the corporation.

2. The members and the chair of the committee shall be entitled to receive remuneration for acting in such capacity as the board may from time to time determine.

3. The committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

   (a) select, retain, terminate, set and approve the fees and other retention terms of special or independent counsel, accountants or other experts, as it deems appropriate; and

   (b) obtain appropriate funding to pay, or approve the payment of, such approved fees;

   without seeking approval of the board or management.

4. Any member of the committee may be removed or replaced at any time by the board and shall cease to be a member of the committee upon ceasing to be a director. The board may fill vacancies on the committee by appointment from among its members. If and whenever a vacancy shall exist on the committee, the remaining members may exercise all its powers so long as a quorum remains in office. Subject to the foregoing, each member of the committee shall remain as such until the next annual meeting of shareholders after that member's election.

5. The committee shall annually review and assess the adequacy of its mandate and recommend any proposed changes to the nominating, corporate governance and risk committee for recommendation to the board for approval.

6. The committee shall participate in an annual performance evaluation, the results of which will be reviewed by the board.

7. The committee shall perform any other activities consistent with this mandate, the corporation's governing laws and the regulations of stock exchanges, as the committee or the board deems necessary or appropriate.

EXHIBIT 99.2

CAMECO CORPORATION

2009 CONSOLIDATED FINANCIAL STATEMENTS

February 23, 2010

REPORT OF MANAGEMENT'S ACCOUNTABILITY

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for ensuring that these statements, which include amounts based upon estimates and judgment, are consistent with other information and operating data contained in the annual financial review and reflect the corporation's business transactions and financial position.

Management is also responsible for the information disclosed in the management's discussion and analysis including responsibility for the existence of appropriate information systems, procedures and controls to ensure that the information used internally by management and disclosed externally is complete and reliable in all material respects.

In addition, management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. The internal control system includes an internal audit function and a code of conduct and ethics, which is communicated to all levels in the organization and requires all employees to maintain high standards in their conduct of the corporation's affairs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the company's assets are appropriately accounted for and adequately safeguarded. Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the criteria established in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the company's system of internal control over financial reporting was effective as at December 31, 2009.

KPMG LLP has audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

The board of directors annually appoints an audit committee comprised of directors who are not employees of the corporation. This committee meets regularly with management, the internal auditor and the shareholders' auditors to review significant accounting, reporting and internal control matters. Both the internal and shareholders' auditors have unrestricted access to the audit committee. The audit committee reviews the financial statements, the report of the shareholders' auditors, and management's discussion and analysis and submits its report to the board of directors for formal approval.

Original signed by Gerald W. Grandey	**Original signed by O. Kim Goheen**
President and Chief Executive Officer	Senior Vice-President and Chief Financial Officer
February 23, 2010	February 23, 2010

AUDITORS' REPORT

To the Shareholders of Cameco Corporation

We have audited the consolidated balance sheets of Cameco Corporation ("the Corporation") as at December 31, 2009 and 2008 and the consolidated statements of earnings, shareholders' equity, comprehensive income, accumulated other comprehensive income and cash flows for each of the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by KPMG LLP

Chartered Accountants
Saskatoon, Canada

February 23, 2010

Consolidated Balance Sheets

As at December 31 ($Cdn thousands)	2009	(Recast note 25) 2008
Assets		
Current assets		
Cash and cash equivalents	$1,101,229	$64,222
Short-term investments [note 5]	202,836	—
Accounts receivable	453,622	522,504
Inventories [note 6]	453,224	398,110
Supplies and prepaid expenses	162,105	143,020
Current portion of long-term receivables, investments and other [note 9]	154,725	49,836
Assets of discontinued operations [note 25]	—	1,176,056
	2,527,741	2,353,748
Property, plant and equipment [note 7]	4,068,103	3,932,658
Intangible assets [note 8]	97,713	101,442
Long-term receivables, investments and other [note 9]	648,545	622,753
Total assets	**$7,342,102**	**$7,010,601**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$534,664	$514,710
Short-term debt [notes 10, 24]	76,762	89,817
Dividends payable	23,570	21,943
Current portion of long-term debt [note 11]	11,629	10,175
Current portion of other liabilities [note 13]	29,297	117,222
Future income taxes [note 18]	87,135	68,857
Liabilities of discontinued operations [note 25]	—	743,323
	763,057	1,566,047
Long-term debt [note 11]	952,853	1,212,982
Provision for reclamation [note 12]	296,896	313,203
Other liabilities [note 13]	187,072	179,880
Future income taxes [note 18]	134,356	83,848
	2,334,234	3,355,960
Minority interest	164,040	141,018
Shareholders' equity		
Share capital	1,512,461	1,062,714
Contributed surplus	131,577	131,858
Retained earnings	3,158,506	2,153,315
Accumulated other comprehensive income	41,284	165,736
	4,843,828	3,513,623
Total liabilities and shareholders' equity	**$7,342,102**	**$7,010,601**

Commitments and contingencies [notes 12,18,26]

See accompanying notes to consolidated financial statements.

Approved by the board of directors
Original signed by Gerald W. Grandey and John H. Clappison

Consolidated Statements of Earnings

For the years ended December 31 ($Cdn thousands, except per share amounts)	2009	(Recast note 25) 2008
Revenue from		
Products and services	$2,314,985	$2,182,553
Expenses		
Products and services sold (i)	1,324,278	1,146,462
Depreciation, depletion and reclamation	240,643	207,453
Administration	135,558	86,392
Exploration	49,061	53,224
Research and development	630	4,998
Interest and other [note 15]	(12,470)	93,281
(Gains) losses on derivatives [note 27]	(243,804)	202,651
Cigar Lake remediation	17,884	11,369
Gain on sale of assets [note 16]	(566)	(4,097)
	1,511,214	1,801,733
Earnings from continuing operations	803,771	380,820
Other expense [note 17]	(36,912)	(39,273)
Earnings before income taxes and minority interest	766,859	341,547
Income tax expense (recovery) [note 18]	52,897	(24,357)
Minority interest	(3,035)	(245)
Earnings from continuing operations	**$716,997**	**$366,149**
Earnings from discontinued operations [note 25]	382,425	83,968
Net earnings	**$1,099,422**	**$450,117**
Net earnings per share [note 28]		
Basic		
Continuing operations	**$1.84**	**$1.05**
Discontinued operations	**0.99**	**0.24**
Total basic earnings per share	**$2.83**	**$1.29**
Diluted		
Continuing operations	**$1.84**	**$1.04**
Discontinued operations	**0.98**	**0.24**
Total diluted earnings per share	**$2.82**	**$1.28**

(i) Excludes depreciation, depletion and reclamation expenses of:	**$228,317**	$198,594

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

For the years ended December 31 ($Cdn thousands)	2009	(Recast note 25) 2008
Share capital		
Balance at beginning of year	$1,062,714	$819,268
Stock option plan	4,215	1,011
Debenture conversions [note 11]	—	242,435
Equity issuance [note 14]	445,532	—
Balance at end of year	**1,512,461**	**1,062,714**
Contributed surplus		
Balance at beginning of year	131,858	119,531
Stock option plan amendment [note 22]	—	25,987
Stock-based compensation	641	16,821
Options exercised	(922)	(40)
Debenture conversions [note 11]	—	(30,441)
Balance at end of year	**131,577**	**131,858**
Retained earnings		
Balance at beginning of year	2,153,315	1,788,416
Net earnings	1,099,422	450,117
Dividends on common shares	(94,231)	(85,218)
Balance at end of year	**3,158,506**	**2,153,315**
Accumulated other comprehensive income (loss)		
Balance at beginning of year	165,736	104,021
Other comprehensive income	(124,452)	61,715
Balance at end of year	**41,284**	**165,736**
Total retained earnings and accumulated other comprehensive income	**3,199,790**	**2,319,051**
Shareholders' equity at end of year	**$4,843,828**	**$3,513,623**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31 ($Cdn thousands)	2009	(Recast note 25) 2008
Net earnings	$1,099,422	$450,117
Other comprehensive income (loss), net of taxes [note 18]		
Unrealized foreign currency translation (losses) gains	(115,739)	137,689
Gains on derivatives designated as cash flow hedges	101,162	23,976
Gains on derivatives designated as cash flow hedges transferred to net earnings	(113,360)	(105,056)
Unrealized gains (losses) on available-for-sale securities	3,011	(14,271)
Losses on available-for-sale securities transferred to net earnings	474	19,377
Other comprehensive income	**(124,452)**	**61,715**
Total comprehensive income	**$974,970**	**$511,832**

Consolidated Statement of Accumulated Other Comprehensive Income

($Cdn thousands)(net of related income taxes)[note 18]	Currency Translation Adjustment	Cash Flow Hedges	Available-For-Sale Assets	Total
Balance at December 31, 2007	$(72,347)	$182,734	$(6,366)	$104,021
Unrealized foreign currency translation gains	137,689	—	—	137,689
Gains on derivatives designated as cash flow hedges	—	23,976	—	23,976
Gains on derivatives designated as cash flow hedges transferred to net earnings	—	(105,056)	—	(105,056)
Unrealized losses on available-for-sale securities	—	—	(14,271)	(14,271)
Losses on available-for-sale securities transferred to net earnings	—	—	19,377	19,377
Balance at December 31, 2008	$65,342	$101,654	$(1,260)	$165,736
Unrealized foreign currency translation losses	(115,739)	—	—	(115,739)
Gains on derivatives designated as cash flow hedges	—	101,162	—	101,162
Gains on derivatives designated as cash flow hedges transferred to net earnings	—	(113,360)	—	(113,360)
Unrealized gains on available-for-sale securities	—	—	3,011	3,011
Losses on available-for-sale securities transferred to net earnings	—	—	474	474
Balance at December 31, 2009	**$(50,397)**	**$89,456**	**$2,225**	**$41,284**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31 ($Cdn thousands)	2009	2008 (Recast note 25)
Operating activities		
Net earnings	$1,099,422	$450,117
Items not requiring (providing) cash:		
Depreciation, depletion and reclamation	240,643	207,453
Provision for future taxes [note 18]	2,237	(117,461)
Deferred gains	(41,254)	(112,361)
Unrealized (gains) losses on derivatives	(180,260)	156,098
Unrealized foreign exchange losses	—	71,241
Stock-based compensation [note 22]	2,772	14,574
Gain on sale of assets [note 16]	(566)	(4,097)
Equity in loss from associated companies [note 17]	29,811	9,706
Other expense (income) [note 17]	7,101	(425)
Writedown of investments [notes 9, 17]	—	29,992
Discontinued operations [note 25]	(382,425)	(83,968)
Minority interest	(3,035)	(245)
Other operating items [note 19]	(84,333)	(91,036)
Cash provided by operations	**690,113**	**529,588**
Investing activities		
Additions to property, plant and equipment	(392,719)	(531,061)
Acquisitions, net of cash [note 24]	—	(503,157)
Purchase of short-term investments [note 5]	(202,850)	—
Increase in long-term receivables, investments and other	(40,258)	(49,518)
Proceeds on sale of property, plant and equipment	3,647	37,093
Cash used in investing (continuing operations)	(632,180)	(1,046,643)
Cash provided by investing (discontinued operations) [note 25]	871,300	—
Cash provided by (used in) investing	**239,120**	**(1,046,643)**
Financing activities		
Decrease in debt	(726,460)	(10,712)
Increase in debt	—	640,089
Issue of debentures, net of issue costs [note 11]	495,272	—
Issue of shares, net of issue costs [note 14]	440,150	—
Issue of shares, stock option plan	1,292	972
Dividends	(92,603)	(80,495)
Cash provided by financing	**117,651**	**549,854**
Increase in cash during the year	1,046,884	32,799
Exchange rate changes on foreign currency cash balances	(9,877)	3,737
Cash and cash equivalents at beginning of year	64,222	27,686
Cash and cash equivalents at end of year	**$1,101,229**	**$64,222**
Cash and cash equivalents comprised of:		
Cash	$56,009	$61,429
Cash equivalents	1,045,220	2,793
	$1,101,229	$64,222
Supplemental cash flow disclosure		
Interest paid	$35,267	$52,272
Income taxes paid	$57,093	$117,788

See accompanying notes to consolidated financial statements.

1. Cameco Corporation

Cameco Corporation is incorporated under the Canada Business Corporations Act. Cameco Corporation and its subsidiaries (collectively, Cameco or the company) are primarily engaged in the exploration for and the development, mining, refining, conversion and fabrication of uranium for sale as fuel for generating electricity in nuclear power reactors in Canada and other countries. The company has a 31.6% interest in Bruce Power L.P. (BPLP), which operates the four Bruce B nuclear reactors in Ontario.

2. Significant Accounting Policies

(a) Consolidation Principles

The consolidated financial statements include the accounts of Cameco and its subsidiaries. Interests in joint ventures are accounted for by the proportionate consolidation method. Under this method, Cameco includes in its accounts its proportionate share of assets, liabilities, revenues and expenses.

The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles. Management makes various estimates and assumptions in determining the reported amounts of assets and liabilities, revenues and expenses for each year presented, and in the disclosure of commitments and contingencies. The most significant estimates are related to the lives and recoverability of mineral properties, provisions for decommissioning and reclamation of assets, future income taxes, financial instruments and mineral reserves. Actual results could differ from these estimates. This summary of significant accounting policies is a description of the accounting methods and practices that have been used in the preparation of these consolidated financial statements and is presented to assist the reader in interpreting the statements contained herein.

(b) Cash and cash equivalents

Cash and cash equivalents consists of balances with financial institutions and investments in money market instruments, which have a term to maturity of three months or less at time of purchase.

(c) Short-term investments

Short-term investments consist of short-term money market instruments with terms to maturity at the date of acquisition of between three and 12 months. The short-term investments are classified as available-for-sale and are carried at fair value in the consolidated balance sheets with unrealized gains and losses reported in other comprehensive income (OCI). Realized gains and losses, as well as other-than-temporary declines in value, are recorded in the consolidated statements of earnings.

(d) Inventories

Inventories of broken ore, uranium concentrates and refined and converted products are valued at the lower of average cost and net realizable value. Average cost includes direct materials, direct labour, operational overhead expenses and depreciation, depletion and reclamation. Net realizable value for finished products is considered to be the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Supplies

Consumable supplies and spares are valued at the lower of cost or replacement value.

(f) Investments

Investments in associated companies over which Cameco has the ability to exercise significant influence are accounted for by the equity method. Under this method, Cameco includes in earnings its share of earnings or losses of the associated company. Portfolio investments are classified as available-for-sale and are carried at fair value in the consolidated balance sheets with unrealized gains and losses reported in other comprehensive income (OCI). Realized gains and losses, as well as other-than-temporary declines in value, are recorded in the consolidated statements of earnings.

(g) Property, Plant and Equipment

Assets are carried at cost. Costs of additions and improvements are capitalized. When assets are retired or sold, the resulting gains or losses are reflected in current earnings. Maintenance and repair expenditures are charged to cost of production.

The decision to develop a mine property within a project area is based on an assessment of the commercial viability of the property, the availability of financing and the existence of markets for the product. Once the decision to proceed to development is made, development and other expenditures relating to the project area are deferred and carried at cost with the intention that these will be depleted by charges against earnings from future mining operations. No depreciation or depletion is charged against the property until commercial production commences. After a mine property has been brought into commercial production, costs of any additional work on that property are expensed as incurred, except for large development programs, which will be deferred and depleted over the remaining life of the related assets.

The carrying values of non-producing properties are periodically assessed by management and if management determines that the carrying values cannot be recovered, the unrecoverable amounts are written off against current earnings.

Cameco reviews the carrying values of its property, plant and equipment when changes in circumstances indicate that those carrying values may not be recoverable. Estimated future net cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. An impairment loss is recognized when the carrying value of an asset held for use exceeds the sum of undiscounted future net cash flows. An impairment loss is measured as the amount by which the asset's carrying amount exceeds its fair value.

Interest is capitalized on expenditures related to development projects actively being prepared for their intended use. Capitalization is discontinued when the asset enters commercial operation or development ceases.

Fuel services assets, mine buildings, equipment and mineral properties are depreciated or depleted according to the unit-of-production method. This method allocates the costs of these assets to each accounting period. For fuel services, the amount of depreciation is measured by the portion of the facilities' total estimated lifetime production that is produced in that period. For mining, the amount of depreciation or depletion is measured by the portion of the mines' proven and probable reserves which are recovered during the period.

Nuclear generating plants are depreciated according to the straight-line method based on the lower of useful life and remaining lease term.

Other assets are depreciated according to the straight-line method based on estimated useful lives, which generally range from three to 10 years.

(h) Intangible Assets

Intangible assets acquired in a business combination are recorded at their fair values. Finite-lived intangible assets are amortized over the estimated production profile of the business unit to which they relate. The carrying values of intangible assets are periodically assessed by management and if management determines that the carrying values cannot be recovered, the unrecoverable amount is charged to earnings in the current period.

(i) Future Income Taxes

Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in rates is included in earnings in the period, which includes the enactment date. Future income tax assets are recorded in the financial statements and a valuation allowance is provided, if necessary, to reduce the future income tax asset to an amount that is more likely than not to be realized. Accrued interest and penalties for uncertain tax positions are recognized in the period in which uncertainties are identified.

(j) Research and Development and Exploration Costs

Expenditures for research and technology related to the products, processes and expenditures for geological exploration programs are charged against earnings as incurred.

(k) Environmental Protection and Asset Retirement Obligations

The fair value of the liability for an asset retirement obligation is recognized in the period incurred. The fair value, discounted using the company's credit adjusted risk free rate, is added to the carrying amount of the associated asset and depreciated over the asset's useful life. The liability is accreted over time, using the company's credit adjusted risk free rate, through periodic charges to earnings and it is reduced by actual costs of decommissioning and reclamation. Cameco's estimates of reclamation costs could change as a result of changes in regulatory requirements, reclamation plans, cost estimates and timing of estimated expenditures. Costs related to ongoing environmental programs are charged against earnings as incurred.

(l) Employee Future Benefits

Cameco accrues its obligations under employee benefit plans. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, those assets are measured at fair value. Cameco measures the plan assets and the accrued benefit obligations on December 31 each year.

On both the Cameco-specific and BPLP-specific defined benefit pension plans, past service costs arising from plan amendments are amortized on a straight-line basis over the expected average remaining service life of the plan participants. Net actuarial gains, which exceed 10% of the greater of the accrued benefit obligation and the fair value of plan assets, are amortized on a straight-line basis over the expected average remaining service life of the plan participants.

On the Cameco-specific retirement benefit plans that do not vest or accumulate, past service costs arising from plan amendments, and net actuarial gains and losses, are recognized in the period they arise. Conversely, the BPLP-specific amounts are amortized on a straight-line basis over the expected average remaining service life of the plan participants.

(m) Stock-Based Compensation

Cameco has five stock-based compensation plans that are described in note 22. These encompass a stock option plan, an employee share ownership plan, a performance share unit plan, a deferred share unit plan and a phantom stock option plan. In calculating compensation expense, Cameco includes an estimate for forfeitures that is based on historic trends.

Options granted under the stock option and performance share unit plans for which the holder cannot elect cash settlement are accounted for using the fair value method. Under this method, the compensation cost of options granted is measured at estimated fair value at the grant date and recognized over the shorter of the period to eligible retirement or the vesting period. Options that may be settled in cash are accounted for as liabilities and are carried at their intrinsic value. The intrinsic value of the liability is marked to market each period and is amortized to expense over the shorter of, the period to eligible retirement, or the vesting period.

Deferred share units and phantom stock options are amortized over the shorter of the period to eligible retirement or the vesting period and re-measured at each reporting period, until settlement, using the quoted market value. Cameco's contributions under the employee share ownership plan are expensed during the year of contribution. Shares purchased with company contributions and with dividends paid on such shares, become unrestricted on January 1 of the second plan year following the date on which such shares were purchased.

(n) Revenue Recognition

Cameco supplies uranium concentrates and uranium conversion services to utility customers.

Cameco recognizes revenue on the sale of its nuclear products when evidenced by a contract that indicates the product, pricing and delivery terms, delivery occurs, the related revenue is fixed or determinable and collection is reasonably assured.

Cameco has three types of sales arrangements with its customers in its uranium and fuel services businesses. These arrangements include uranium supply, toll conversion services and conversion supply (converted uranium), which is a combination of uranium supply and toll conversion services.

Uranium Supply

In a uranium supply arrangement, Cameco is contractually obligated to provide uranium concentrates to its customers. Cameco-owned uranium is physically delivered to conversion facilities (Converters) where the Converter will credit Cameco's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, Cameco instructs the Converter to transfer title of a contractually-specified quantity of uranium to the customer's account at the Converter's facility. At this point, Cameco invoices the customer and recognizes revenue for the uranium supply.

Toll Conversion Services

In a toll conversion arrangement, Cameco is contractually obligated to convert customer-owned uranium to a chemical state suitable for enrichment. The customer delivers uranium to Cameco's conversion facilities. Once conversion is complete, Cameco physically delivers converted uranium to enrichment facilities (Enrichers) where the Enricher will credit Cameco's account for the volume of accepted processed uranium. Based on delivery terms in a sales contract with its customer, Cameco instructs the Enricher to transfer title of a contractually-specified quantity of converted uranium to the customer's account at the Enricher's facility. At this point, Cameco invoices the customer and recognizes revenue for the toll conversion services.

Conversion Supply

In a conversion supply arrangement, Cameco is contractually obligated to provide uranium concentrates and conversion services to its customers. Cameco-owned uranium is converted and physically delivered to an Enricher as described in the toll conversion services arrangement. Based on delivery terms in a sales contract with its customer, Cameco instructs the Enricher to transfer title of a contractually-specified quantity of converted uranium to the customer's account at the Enricher's facility. At this point, Cameco invoices the customer and recognizes revenue for both the uranium supplied and the conversion service provided. It is rare for Cameco to enter into back-to-back arrangements for uranium supply and toll conversion services. However, in the event that a customer requires such an arrangement, revenue from uranium supply is deferred until the toll conversion service has been rendered.

Revenue from deliveries to counterparties with whom Cameco has arranged a standby product loan facility (up to the limit of the loan facilities) and the related cost of sales are deferred until the loan arrangements have been terminated, or if drawn upon, when the loans are repaid and that portion of the facility is terminated.

Electricity sales are recognized at the time of generation, and delivery to the purchasing utility is metered at the point of interconnection with the transmission system. Revenues are recognized on an accrual basis, which includes an estimate of the value of electricity produced during the period but not yet billed.

(o) Amortization of Financing Costs

For financial instruments that are measured at amortized cost, the effective interest method of amortization is used for any debt discounts and issue expenses. Unamortized costs are classified with their related financial liability.

(p) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end rates of exchange. Revenue and expense transactions denominated in foreign currencies are translated into Canadian dollars at rates in effect at the time of the transactions. The applicable exchange gains and losses arising on these transactions are reflected in earnings.

The United States dollar is considered the functional currency of most of Cameco's operations outside of Canada. The financial statements of these operations are translated into Canadian dollars using the current rate method whereby all assets and liabilities are translated at the year-end rate of exchange and all revenue and expense items are translated at the average rate of exchange prevailing during the year. Exchange gains and losses arising from this translation, representing the net unrealized foreign currency translation gain (loss) on Cameco's net investment in these foreign

operations, are recorded in the foreign currency translation adjustments component of accumulated other comprehensive income (AOCI). Exchange gains or losses arising from the translation of foreign debt designated as hedges of a net investment in foreign operations are also recorded in the foreign currency translation adjustments component of accumulated other comprehensive income. These adjustments are not included in earnings until realized through a reduction in Cameco's net investment in such operations.

(q) Derivative Financial Instruments and Hedging Transactions

Financial Assets and Financial Liabilities

All financial assets and liabilities are carried at fair value in the consolidated balance sheets, except for items classified in the following categories, which are carried at amortized cost: loans and receivables, held-to-maturity securities and financial liabilities not held-for-trading. Realized and unrealized gains and losses on financial assets and liabilities that are held-for-trading are recorded in the consolidated statements of earnings. Unrealized gains and losses on financial assets that are available-for-sale are reported in OCI until realized, at which time they are recorded in the consolidated statements of earnings.

Hedge Accounting and Derivatives

Derivative financial and commodity instruments are employed by Cameco to reduce exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. All derivative instruments are recorded at fair value in the consolidated balance sheets, except for those designated as hedging instruments.

The purpose of hedging transactions is to modify Cameco's exposure to one or more risks by creating an offset between changes in the fair value of, or the cash inflows attributable to, the hedged item and the hedging item. Hedge accounting ensures that the offsetting gains, losses, revenues and expenses are recognized to net earnings in the same period or periods. When hedge accounting is appropriate, the hedging relationship is designated as a fair value hedge, a cash flow hedge, or a foreign currency risk hedge related to a net investment in a self-sustaining foreign operation.

At the inception of a hedging relationship, Cameco formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The process includes linking all derivatives to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. Cameco also formally assesses, both at the inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For fair value hedges, changes in the fair value of the derivatives and corresponding changes in fair value of the hedged items attributed to the risk being hedged are recognized in the consolidated statements of earnings. For cash flow hedges, the effective portion of the changes in the fair values of the derivative instruments are recorded in OCI until the hedged items are recognized in the consolidated statements of earnings. Derivative instruments that do not qualify for hedge accounting, or are not designated as hedging instruments, are marked-to-market and the resulting net gains or losses are recognized on the consolidated statements of earnings.

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivatives on the consolidated statements of earnings.

(r) Earnings Per Share

Earnings per share are calculated using the weighted average number of common shares outstanding.

The calculation of diluted earnings per share assumes that outstanding options and warrants which are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share.

3. Accounting Standards

(a) Changes in Accounting Policies

(i) Goodwill and Intangible Assets

Effective January 1, 2009, Cameco adopted the new Canadian standard, Handbook Section 3064, Goodwill and Intangible Assets, which replaces Handbook Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The standard introduces guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The standard also harmonizes Canadian standards with IFRS and applies to annual and interim financial statements for fiscal years beginning on or after October 1, 2008. There was no material impact to previously reported financial statements as a result of the implementation of the new standard.

(ii) Financial Instruments — Disclosures

Effective October 1, 2009, Cameco adopted the amendments to Handbook Section 3862, Financial Instruments — Disclosures. The amendments harmonize Canadian standards with IFRS and provide for enhanced disclosures on liquidity risk and require new disclosures on fair value measurements of financial instruments.

(b) Future Changes in Accounting Policy

(i) International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standards Board announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. As a result, Cameco will publish its first consolidated financial statements, prepared in accordance with IFRS, for the quarter ending March 31, 2011. We will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2010.

(ii) Business Combinations

CICA Handbook Section 1582, Business Combinations is effective for business combinations with an acquisition date after January 1, 2011. This standard specifies a number of changes including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value and a requirement to recognize acquisition-related costs as expenses.

(iii) Consolidated Financial Statements

CICA Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standard, is effective for periods beginning on or after January 1, 2011. This section establishes the standards for preparing consolidated financial statements.

(iv) Non-controlling Interests in Consolidated Financial Statements

CICA Handbook Section 1602, Non-controlling Interests in Consolidated Financial Statements is effective for periods beginning on or after January 1, 2011. This section specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. Section 1602 will be applied prospectively to all non-controlling interests, including any that arose before the effective date.

4. Financial Risk Management

This note presents information about various risks that Cameco is exposed to from its use of financial instruments, its objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk Management Overview

Cameco is exposed in varying degrees to a variety of financial instrument related risks. Management and the board of directors, both separately and together, discuss the principal risks of our businesses. The board sets policies for the implementation of systems to manage, monitor and mitigate identifiable risks. Cameco's risk management objective in relation to these instruments is to protect and minimize volatility in cash flow.

Market Risk

Cameco engages in various business activities which expose the company to market risk from changes in commodity prices and foreign currency exchange rates. As part of its overall risk management strategy, Cameco uses derivatives to manage some of its exposures to market risk that result from these activities.

Derivative instruments may include financial and physical forward contracts. Such contracts may be used to establish a fixed price for a commodity, an interest-bearing obligation or a cash flow denominated in a foreign currency. Market risks are monitored regularly against defined risk limits and tolerances.

Cameco's actual exposure to these market risks is constantly changing as the company's portfolios of foreign currency and commodity contracts change. Changes in fair value or cash flows based on market variable fluctuations cannot be extrapolated as the relationship between the change in the market variable and the change in fair value or cash flow may not be linear.

The types of risk exposure and the way in which such exposure is managed are as follows:

(a) Commodity Price Risk

As a significant producer and supplier of uranium, nuclear fuel processing and electricity, Cameco bears significant exposure to changes in prices for these products. A substantial change in prices will affect the company's net earnings and operating cash flows. Prices for Cameco's products are volatile and are influenced by numerous factors beyond the company's control, such as supply and demand fundamentals, geopolitical events and, in the case of electricity prices, weather.

Cameco's sales contracting strategy focuses on reducing the volatility in future earnings and cash flow, while providing both protection against decreases in market price and retention of exposure to future market price increases. To mitigate the risks associated with the fluctuations in the market price for uranium products, Cameco seeks to maintain a portfolio of uranium product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from pricing volatility. To mitigate risks associated with fluctuations in the market price for electricity, BPLP enters into various energy and sales related contracts that qualify as cash flow hedges. At December 31, 2009, the effect of a $1/MWh increase in the market price for electricity would be an increase of $778,000 in net earnings, and a decrease in other comprehensive income of $3,450,000 for 2009.

(b) Foreign Exchange Risk

The relationship between the Canadian and US dollars affects financial results of the uranium business as well as the fuel services business.

Sales of uranium and fuel services are routinely denominated in US dollars while production costs are largely denominated in Canadian dollars. Cameco attempts to provide some protection against exchange rate fluctuations by planned hedging activity designed to smooth volatility. Cameco also has a natural hedge against US currency fluctuations because a portion of its annual cash outlays, including purchases of uranium and fuel services, is denominated in US dollars. At December 31, 2009, the effect of a $0.01 increase in the US to Canadian dollar exchange rate on our portfolio of currency hedges and other USD denominated exposures would have been a decrease of $11,000,000 in net earnings for 2009.

(c) Counterparty Credit Risk

Cameco's sales of uranium product, conversion and fuel manufacturing services expose the company to the risk of non-payment. Counterparty credit risk is associated with the ability of counterparties to satisfy their contractual obligations to Cameco, including both payment and performance.

Cameco manages this risk by monitoring the credit worthiness of our customers and seeking pre-payment or other forms of payment security from customers with an unacceptable level of credit risk.

Cameco's maximum counterparty credit exposure at the balance sheet date consists primarily of the carrying amount of financial assets such as accounts receivable and short-term investments. At December 31, 2009, there were no significant concentrations of credit risk and no amounts were held as collateral.

(d) Liquidity Risk

Financial liquidity represents Cameco's ability to fund future operating activities and investments. Cameco ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the company's holdings of cash and cash equivalents. The company believes that these sources will be sufficient to cover the likely short-term and long-term cash requirements.

The tables below outline the maturity dates for Cameco's non-derivative financial liabilities including principal and interest as at December 31, 2009:

(Millions)	**Total**	Due in less than 1 year	Due in 1-3 years	Due in 3-5 years	Due after 5 years
Long-term debt	**$794**	$—	$—	$—	$794
BPLP lease	**171**	12	28	35	96
Short-term debt	**77**	77	—	—	—
Total contractual repayments	**$1,042**	$89	$28	$35	$890

(Millions)	**Total**	Due in less than 1 year	Due in 1-3 years	Due in 3-5 years	Due after 5 years
Interest on long-term debt	**$358**	$42	$85	$85	$146
Interest on BPLP lease	**67**	12	22	17	16
Interest on short-term debt	**2**	2	—	—	—
Total interest payments	**$427**	$56	$107	$102	$162

Capital Management

Cameco's capital structure reflects our vision and the environment in which we operate. We seek growth through development and expansion of existing assets and by acquisition. Our capital resources are managed to support achievement of our goals. The overall objectives for managing capital remained unchanged in 2009 from the prior comparative period. Cameco's management considers its capital structure to consist of long-term debt, short-term debt (net of cash and cash equivalents), minority interest and shareholders' equity.

The capital structure at December 31, 2009 was as follows:

(Thousands)	**2009**	**2008**
Long-term debt	$964,482	$1,223,157
Short-term debt	76,762	89,817
Cash and cash equivalents	(1,101,229)	(64,222)
Short-term investments	(202,836)	—
Net debt	(262,821)	1,248,752
Minority interest	164,040	141,018
Shareholders' equity	4,843,828	3,513,623
Total equity	5,007,868	3,654,641
Total capital	$4,745,047	$4,903,393

Cameco is bound by certain covenants in its general credit facilities. These covenants place restrictions on total debt, including guarantees, and set minimum levels for net worth. As of December 31, 2009, Cameco met these requirements.

5. Short-Term Investments

In 2009, Cameco purchased money market instruments with terms to maturity between three and 12 months. The fair values of marketable securities held at December 31, 2009 were $202,836,000 (2008 — nil).

6. Inventories

	2009	2008
Uranium		
Concentrate	$310,893	$287,079
Broken ore	18,125	21,396
	329,018	308,475
Fuel Services	124,206	89,635
Total	**$453,224**	**$398,110**

7. Property, Plant and Equipment

	Cost	Accumulated Depreciation and Depletion	2009 Net	2008 Net
Uranium				
Mining	$3,308,418	$1,507,039	$1,801,379	$1,799,885
Non-producing	1,476,409	—	1,476,409	1,325,532
Fuel Services	491,921	212,608	279,313	279,391
Electricity				
Assets under capital lease	164,288	80,422	83,866	93,220
Other	586,368	224,991	361,377	367,004
Other	117,897	52,138	65,759	67,626
Total	**$6,145,301**	**$2,077,198**	**$4,068,103**	**$3,932,658**

8. Intangible Assets and Goodwill

	Cost	Accumulated Depreciation	2009 Net	2008 Net
Intangible assets	$118,819	$21,106	$97,713	$101,442

The intangible asset value relates to intellectual property associated with Cameco Fuel Manufacturing and is being amortized on a units-of-production basis.

9. Long-Term Receivables, Investments and Other

	2009	2008
BPLP [note 21]		
Capital lease receivable from BPLP (i)	$94,895	$97,044
Derivatives [note 27]	141,949	75,994
Accrued pension benefit asset [note 23]	36,613	6,061
Equity accounted investments		
Global Laser Enrichment LLC (privately held) [note 24]	185,716	240,018
UNOR Inc. (market value $952)	935	1,088
UEX Corporation (market value $45,909)	6,052	6,714
Huron Wind (privately held)	4,002	4,623
Minergia S.A.C. (privately held)	4,551	534
UFP Investments Inc. (privately held)	2,617	—
Available-for-sale securities		
Western Uranium Corporation (market value $4,637)	4,637	3,296
GoviEx Uranium (privately held) [note 24]	25,214	34,442
Derivatives [note 27]	68,432	5,793
Deferred charges		
Cost of sales [note 13]	14,415	6,414
Advances receivable from Inkai JV LLP (ii)	141,149	126,130
Accrued pension benefit asset [note 23]	7,773	4,815
Other	64,320	59,623
	803,270	672,589
Less current portion	(154,725)	(49,836)
Net	**$648,545**	**$622,753**

(i) BPLP leases the Bruce A nuclear generating plants and other property, plant and equipment to Bruce A L.P. under a sublease agreement. Future minimum base rent sublease payments under the capital lease receivable are imputed using a 7.5% discount rate.

(ii) Through an unsecured shareholder loan, Cameco has agreed to fund the development of the Inkai project. The limit of the loan facility is $370,000,000 (US) and advances under the facility bear interest at a rate of LIBOR plus 2%. At December 31, 2009, $337,000,000 (US) of principal and interest was outstanding (2008 — $257,000,000 (US)), of which 40% represents the joint venture partner's share. As management does not anticipate repayment in the next 12 months, it has classified this loan as long term.

10. Short-Term Debt

In 2008, a promissory note in the amount of $73,344,000 (US) was issued to finance the acquisition of GE Hitachi Global Laser Enrichment LLC (GLE) [note 24]. The promissory note is payable on demand and bears interest at market rates.

In February 2009, Cameco concluded an arrangement for a $100,000,000 unsecured revolving credit facility, maturing February 5, 2010. In December 2009, this facility was extended to February 4, 2011, and is extendable for one additional 364-day term upon mutual agreement with the lender. There is no amount outstanding under this facility.

11. Long-Term Debt

	2009	2008
Debentures	$793,842	$298,177
Capital lease obligation — BPLP	170,640	180,784
Commercial paper and bank debt	—	744,196
	964,482	1,223,157
Less current portion	(11,629)	(10,175)
Net	**$952,853**	**$1,212,982**

On September 25, 2003, the company issued unsecured convertible debentures in the amount of $230,000,000. The debentures bore interest at 5% per annum, were to mature on October 1, 2013, and at the holder's option were convertible into common shares of Cameco. The debentures were redeemable by the company beginning October 1, 2008, at a redemption price of par plus accrued and unpaid interest. The fair value of the conversion option associated with the convertible debentures on the date of issuance was $30,473,000, resulting in an effective interest rate of 7.21%. The amount was reflected as contributed surplus. The conversion price was $10.83 per share, a rate of approximately 92.3 common shares per $1,000 of convertible debentures. Interest was payable semi-annually in arrears on April 1 and October 1. On August 14, 2008, Cameco gave notice of its intention to redeem all of these debentures on October 1, 2008. As a result of debenture conversions and redemptions, 21,204,585 shares were issued during 2008 [note 14].

Cameco has $300,000,000 outstanding in senior unsecured debentures (Series C). These debentures bear interest at a rate of 4.7% per annum (effective interest rate of 4.79%) and mature September 16, 2015.

On September 2, 2009, Cameco issued debentures in the amount of $500,000,000. The debentures bear interest at 5.67% per annum (effective interest rate of 5.80%) and mature on September 2, 2019. The proceeds of the issue after deducting expenses were $495,300,000.

Cameco has a $500,000,000 unsecured revolving credit facility that is available until November 30, 2012. This facility can be extended for an additional year on the 2010 and 2011 anniversary dates, upon mutual agreement with the lenders. In addition to direct borrowings under the facility, up to $100,000,000 can be used for the issuance of letters of credit and, to the extent necessary, up to $400,000,000 may be allocated to provide liquidity support for the company's commercial paper program. The facility ranks equally with all of Cameco's other senior debt. At December 31, 2009 there were no amounts outstanding under this credit facility (2008 — $149,800,000, bearing interest at an average rate of 1.7%). Cameco may also borrow directly in the commercial paper market. There was no commercial paper outstanding at December 31, 2009 (2008 — $152,800,000, bearing interest at an average rate of 2.7%). These amounts, when drawn, are classified as long-term debt.

In 2008, Cameco arranged for a $470,000,000, 364-day unsecured revolving credit facility, extendable for up to two additional 364-day terms upon mutual agreement with the lenders. The facility ranks equally with all of Cameco's other senior debt. At December 31, 2008, there was $29,885,000 (Cdn) and $336,200,000 (US) outstanding under this credit facility, bearing interest at 2.30% and 2.58% respectively. Borrowings under this short-term facility were incurred to finance acquisitions [note 24]. In September 2009, this credit facility was terminated.

Cameco is bound by certain covenants in its revolving credit facilities. The significant financial covenants require a funded debt to tangible net worth ratio equal to or less than 1:1 and a tangible net worth greater than $1,250,000,000. Non-compliance with any of these covenants could result in accelerated payment and termination of the revolving credit facility. At December 31, 2009, Cameco was in compliance with covenants and does not expect its operating and investing activities in 2010 to be constrained by them.

Cameco has $597,062,000 ($400,933,000 and $187,397,000 (US)) in letter of credit facilities. The majority of the outstanding letters of credit at December 31, 2009 relate to future decommissioning and reclamation liabilities [note 12] and amounted to $592,215,000 ($396,427,000 and $187,071,000 (US)) (2008 — $428,910,000 ($294,650,000 and $109,640,000 (US)).

BPLP holds a long-term lease with OPG to operate the Bruce nuclear power facility. The term of the lease, which expires in 2018, is 18 years with an option to extend the lease for up to an additional 25 years. The interest rate associated with the lease is 7.5%.

BPLP has a $200,000,000 (Cameco's share $63,200,000) revolving credit facility that is available until July 30, 2011, as well as $184,000,000 (Cameco's share $58,144,000) in letter of credit facilities. As at December 31, 2009, BPLP had $35,000,000 (Cameco's share $11,060,000) outstanding under the revolving credit facility and $184,000,000 (Cameco's share $58,144,000) outstanding under the letter of credit facilities.

The table below represents currently scheduled maturities of long-term debt over the next five years.

2010	$11,629
2011	13,177
2012	14,852
2013	16,337
2014	18,233
Thereafter	890,254
Total	**$964,482**

Standby Product Loan Facilities

Cameco had arranged for a standby product loan facility with one of its customers. The arrangement, which was finalized in 2006, allowed Cameco to borrow up to 2,600,000 pounds U_3O_8 equivalent over the period 2006 to 2008 with repayment in 2008 and 2009. Of this material, up to 1,000,000 kilograms of uranium could have been borrowed in the form of UF_6. Under the loan facility, standby fees of 2.25% were payable based on the market value of the facility, and interest was payable on the market value of any amounts drawn at a rate of 4.0%. Any borrowings would have been secured by letters of credit and payable in kind.

On January 29, 2008, Cameco gave notice of termination to the counterparty of the product loan arrangement. The loan facility was terminated on April 1, 2008 and the associated letter of credit facilities were cancelled on January 31, 2008. Cameco recognized previously deferred revenues and costs in its earnings during 2008.

On April 1, 2008, Cameco arranged for a standby product loan facility with one of its customers. The arrangement allows Cameco to borrow up to 2,400,000 pounds U_3O_8 equivalent over the period 2008 to 2011 with repayment during 2012 to 2014. Under the loan facility, standby fees of 2% are payable based on the market value of the facility, and interest is payable on the market value of any amounts drawn at a rate of 5%. Any borrowings are payable in kind. As at December 31, 2009, Cameco did not have any loan amounts outstanding under the facility.

12. Provision for Reclamation

Cameco's estimates of future asset retirement obligations are based on reclamation standards that satisfy regulatory requirements. Elements of uncertainty in estimating these amounts include potential changes in regulatory requirements, decommissioning and reclamation alternatives and amounts to be recovered from other parties.

Cameco estimates total future decommissioning and reclamation costs for its operating assets to be $495,112,000. These estimates are reviewed by Cameco technical personnel as required by regulatory agencies or more frequently as circumstances warrant. In connection with future decommissioning and reclamation costs, Cameco has provided financial assurances of $591,548,000 in the form of letters of credit to satisfy current regulatory requirements.

Under the BPLP lease agreement, OPG, as the owner of the Bruce nuclear plants, is responsible to decommission the Bruce facility and to provide funding and meet other requirements that the Canadian Nuclear Safety Commission (CNSC) may require of BPLP as licensed operator of the Bruce facility. OPG is also responsible to manage radioactive waste associated with decommissioning of the Bruce nuclear plants.

Following is a reconciliation of the total liability for asset retirement obligations:

	2009	2008
Balance, beginning of year	$313,203	$264,055
Changes in estimates	(13,614)	26,308
Liabilities settled	(6,263)	(4,663)
Accretion expense	17,828	15,260
Impact of foreign exchange	(14,258)	12,243
Balance, end of year	**$296,896**	**$313,203**

Following is a summary of the key assumptions on which the carrying amount of the asset retirement obligations is based:

(i) Total undiscounted amount of the estimated cash flows — $495,112,000.

(ii) Expected timing of payment of the cash flows — timing is based on life of mine plans. The majority of expenditures are expected to occur after 2016.

(iii) Discount rates — 5.25% to 7.50% for operations in North America and 9.00% for operations in Central Asia.

The asset retirement obligations liability relates to the following segments:

	2009	2008
Uranium	$192,544	$213,559
Fuel Services	104,352	99,644
Total	**$296,896**	**$313,203**

13. Other Liabilities

	2009	2008
Deferred sales [note 9]	$24,982	$31,511
Derivatives [note 27]	4,137	119,869
Accrued post-retirement benefit liability [note 23]	12,019	11,842
Zircatec acquisition holdback	—	2,000
BPLP		
Accrued post-retirement benefit liability [note 23]	125,402	117,038
Derivatives [note 27]	36,820	534
Other	13,009	14,308
	216,369	297,102
Less current portion	(29,297)	(117,222)
Net	**$187,072**	**$179,880**

14. Share Capital

Authorized share capital:
Unlimited number of first preferred shares
Unlimited number of second preferred shares
Unlimited number of voting common shares, and
One Class B share

(a) Common Shares

Number Issued (Number of Shares)	2009	2008
Beginning of year	365,718,923	344,398,698
Issued:		
Equity issuance	26,666,400	—
Stock option plan [note 22]	453,410	115,640
Debenture conversions [note 11]	—	21,204,585
Issued share capital	**392,838,733**	**365,718,923**

(b) Class B Share

One Class B share issued during 1988 and assigned $1 of share capital, entitles the shareholder to vote separately as a class in respect of any proposal to locate the head office of Cameco to a place not in the province of Saskatchewan.

(c) Share Issuance

On March 5, 2009, Cameco issued 26,666,400 common shares pursuant to a public offering for a total consideration of $459,995,000. The proceeds of the issue after deducting expenses were $445,532,000. Excluding the deferred tax recoveries, our net cash proceeds amounted to $440,150,000 in 2009.

15. Interest and Other

	2009	2008
Interest on long-term debt	$38,377	$51,950
Interest on short-term debt	2,366	1,377
Foreign exchange (gains) losses	(21,086)	83,006
Other charges	11,302	12,498
Interest income	(6,614)	(16,365)
Capitalized interest	(36,815)	(39,185)
Net	**$(12,470)**	**$93,281**

16. Gain on Sale of Assets

	2009	2008
Sale of geological data	$(3,674)	$(927)
Other	3,108	(3,170)
Net	**$(566)**	**$(4,097)**

17. Other Expense

	2009	2008
Writedown of investments [note 9]	$—	$(29,992)
Equity in loss of associated companies	(29,811)	(9,706)
Other	(7,101)	425
Net	**$(36,912)**	**$(39,273)**

In 2009 the equity in loss of associated companies includes a charge of $18,295,000 for the amortization of in-process research and development associated with the investment in GLE (2008 — $1,991,000). During 2008, the investments in Western Uranium Corporation, Cue Resources Ltd. and UNOR Inc. were determined to be impaired and charges of $17,092,000, $6,479,000 and $6,421,000 respectively were recognized during the year [note 9].

18. Income Taxes

The significant components of future income tax assets and liabilities at December 31 are as follows:

	2009	2008
Assets		
Provision for reclamation	$89,996	$92,345
Foreign exploration and development	40,221	30,769
Income tax losses carried forward	100,783	210,454
Other	31,185	68,256
Future income tax assets before valuation allowance	262,185	401,824
Valuation allowance	(57,398)	(104,307)
Future income tax assets, net of valuation allowance	**$204,787**	**$297,517**
Liabilities		
Property, plant and equipment	$338,645	$339,549
Inventories	5,618	30,567
Long-term investments and other	82,015	80,106
Future income tax liabilities	**$426,278**	**$450,222**
Net future income tax liabilities	**$221,491**	**$152,705**
Less current portion	(87,135)	(68,857)
	$134,356	**$83,848**

The provision for income taxes differs from the amount computed by applying the combined expected federal and provincial income tax rate to earnings before income taxes. The reasons for these differences are as follows:

	2009	2008
Earnings before income taxes and minority interest	$766,859	$341,547
Combined federal and provincial tax rate	31.4%	32.3%
Computed income tax expense	240,794	110,320
Increase (decrease) in taxes resulting from:		
Reduction in income tax rates	(10,983)	—
Provincial royalties and other taxes	—	1,988
Manufacturing and processing deduction	(3,211)	(771)
Difference between Canadian rate and rates applicable to subsidiaries in other countries	(175,969)	(176,659)
Restructuring of gold business	—	(37,053)
Change in valuation allowance	18,125	6,154
Capital and other taxes	1,824	—
Stock-based compensation plans	1,371	13,105
Other permanent differences	(19,054)	58,559
Income tax expense (recovery)	**$52,897**	**$(24,357)**

In 2008, as part of the ongoing annual audits of Cameco's Canadian tax returns, Canada Revenue Agency (CRA) disputed the transfer pricing methodology used by Cameco and its wholly-owned Swiss subsidiary, Cameco Europe Ltd. (CEL), in respect of sale and purchase agreements for uranium products. In December 2008, CRA issued a notice of reassessment, which increased Cameco's 2003 Canadian taxable income by approximately $43,000,000 (this reassessment was superseded by a reassessment issued in February 2009 and neither reassessment resulted in more than a nominal amount of cash taxes becoming payable for that year). In December 2009, CRA issued a notice of reassessment for the 2004 tax return, which increased Cameco's 2004 Canadian taxable income by approximately $108,000,000 (which, again, did not result in more than a nominal amount of cash taxes becoming payable for that year). Cameco believes it is likely that CRA will reassess Cameco's tax returns for the years 2005 through 2009 on a similar basis.

Late in 2009, CRA's Transfer Pricing Review Committee decided not to impose a penalty for 2004 based on the documentation that had been submitted by Cameco. This followed the same decision by the Transfer Pricing Review Committee late in 2008 for the 2003 notice of reassessment.

Having regard to advice from its external advisors, Cameco's opinion is that CRA's position is incorrect, and Cameco is contesting CRA's position. However, to reflect the uncertainties of CRA's appeals process and litigation, Cameco has decided to increase its reserve for uncertain tax positions and recognize an income tax expense of $9,000,000 in 2009 bringing the cumulative tax provision related to this matter for the years 2003 through 2009 to $24,000,000. No provisions for penalties or interest have been recorded. We do not expect any cash taxes to be payable due to availability of elective deductions and tax loss carryforwards. While the resolution of this matter may result in liabilities that are higher or lower than the reserve, management believes that the ultimate resolution will not be material to Cameco's financial position, results of operations or liquidity over the period. However, an unfavourable outcome for the years 2003 to 2009 could be material to Cameco's financial position, results of operations or cash flows in the year(s) of resolution.

Further to Cameco's decision to contest CRA's 2003 reassessment, a Notice of Appeal was filed with the Tax Court of Canada on July 22, 2009 and the litigation process is proceeding. Cameco expects to file a Notice of Appeal for the 2004 reassessment in 2010.

	2009	2008
Earnings before income taxes and minority interest		
Canada	$109,534	(378,584)
Foreign	657,325	720,131
	$766,859	**$341,547**
Current income taxes		
Canada	$17,109	$44,752
Foreign	33,551	48,352
	$50,660	**$93,104**
Future income taxes (recovery)		
Canada	$3,885	(101,746)
Foreign	(1,648)	(15,715)
	$2,237	**(117,461)**
Income tax expense (recovery)	**$52,897**	**$(24,357)**

For 2009, earnings from discontinued operations (note 25) included a net income tax expense of $94,600,000 (2008 — recovery of $400,000).

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

	2009	2008
Gains (losses) on derivatives designated as cash flow hedges	$48,368	$(6,773)
Gains on derivatives designated as cash flow hedges transferred to net earnings	(48,121)	(38,415)
Unrealized gains (losses) on assets available-for-sale	466	(2,072)
Losses on assets available-for-sale transferred to net earnings	80	3,024
Total income tax expense (recovery) included in OCI	**$793**	**$(44,236)**

Accumulated other comprehensive income included on the consolidated statements of shareholders' equity and the consolidated statement of accumulated other comprehensive income is presented net of income taxes. The following income tax amounts are included in each component of accumulated other comprehensive income:

	2009	2008
Gains on derivatives designated as cash flow hedges	$36,987	$36,740
Gains (losses) on assets available-for-sale	346	(200)
Total income tax expense included in AOCI	**$37,333**	**$36,540**

19. Statements of Cash Flows

Other Operating Items

	2009	2008
Changes in non-cash working capital:		
Accounts receivable	$34,556	$(122,239)
Inventories	(74,938)	21,694
Supplies and prepaid expenses	(27,838)	(33,137)
Accounts payable and accrued liabilities	30,784	10,393
Hedge position settlements	—	52,152
Other	(46,897)	(19,899)
Total	**$(84,333)**	**$(91,036)**

20. Uranium Joint Ventures

Cameco conducts a portion of its exploration, development, mining and milling activities through joint ventures. Cameco's significant uranium joint venture interests are comprised of:

Producing:	
McArthur River	69.81%
Key Lake	83.33%
Inkai	60.00%
Non-producing:	
Cigar Lake	50.03%

Uranium joint ventures allocate uranium production to each joint venture participant and the joint venture participant derives revenue directly from the sale of such product. Mining and milling expenses incurred by the joint venture are included in the cost of inventory. At December 31, 2009, Cameco's share of property, plant and equipment in these joint ventures amounted to $2,345,000,000 (2008 — $2,233,000,000) [note 7].

21. Investment in BPLP

Cameco holds a 31.6% interest in BPLP, which is governed by an agreement that provides for joint control of the strategic operating, investing and financing activities among the three major partners. Cameco proportionately consolidates its 31.6% interest in BPLP.

Fuel Supply Agreements

Cameco has entered into fuel supply agreements with BPLP for the procurement of fabricated fuel. Under these agreements, Cameco will supply uranium, conversion services and fabrication services. Contract terms are at market rates and on normal trade terms. During 2009, sales of uranium and conversion services to BPLP amounted to $84,909,000 (2008 — $58,611,000), approximately 3.7% (2008 — 2.7%) of Cameco's total revenue. At December 31, 2009, amounts receivable under these agreements totaled $11,505,000 (2008 — $11,131,000).

The following schedules reflect Cameco's 31.6% proportionate interest in the balance sheets, statements of earnings and statements of cash flows of BPLP.

Balance Sheets

(Millions)	2009	2008
Current assets	$252	$190
Property, plant and equipment	390	403
Long-term receivables and investments	207	156
	$849	**$749**
Current liabilities	$129	$110
Long-term liabilities	320	304
	449	414
Equity	400	335
	$849	**$749**

Statements of Earnings

(Millions)	2009	2008
Revenue	$518	$445
Operating costs	286	285
Earnings before interest and taxes	232	160
Interest	1	13
Earnings before taxes	**$231**	**$147**

Statements of Cash Flows

(Millions)	2009	2008
Cash provided by operations	$238	$173
Cash (used in) provided by investing	(36)	4
Cash used in financing	(200)	(178)

22. Stock-Based Compensation Plans

Stock Option Plan

Cameco has established a stock option plan under which options to purchase common shares may be granted to officers and other employees of Cameco. Options granted under the stock option plan have an exercise price of not less than the closing price quoted on the TSX for the common shares of Cameco on the trading day prior to the date on which the option is granted. The options vest over three years and expire eight years from the date granted. Options have not been awarded to directors since 2003 and the plan has been amended to preclude the issue of options to directors.

The aggregate number of common shares that may be issued pursuant to the Cameco stock option plan shall not exceed 43,017,198, of which 24,580,129 shares have been issued.

Stock option transactions for the respective years were as follows:

(Number of Options)	2009	2008
Beginning of year	7,120,555	6,422,592
Options granted	1,381,039	1,154,015
Options exercised [note 14]	(453,410)	(330,852)
Options forfeited	(108,351)	(125,200)
End of year	**7,939,833**	**7,120,555**
Exercisable	**5,550,148**	**4,957,129**

Weighted average exercise prices were as follows:

	2009	2008
Beginning of year	$27.98	$25.40
Options granted	19.41	38.82
Options exercised	9.79	11.62
Options forfeited	35.68	38.77
End of year	**$27.42**	**$27.98**
Exercisable	**$26.84**	**$22.08**

Total options outstanding and exercisable at December 31, 2009 were as follows:

2009	Options Outstanding			Options Exercisable	
Option Price Per Share	Number	Weighted Average Remaining Life	Weighted Average Exercisable Price	Number	Weighted Average Exercisable Price
$5.75 — 13.49	1,824,320	2	$8.28	1,824,320	$8.28
13.50 — 32.99	2,892,581	6	23.42	1,533,352	26.99
33.00 — 55.00	3,222,932	6	41.84	2,192,476	42.18
	7,939,833			**5,550,148**	

The foregoing options have expiry dates ranging from February 25, 2010 to March 2, 2018.
Non-vested stock option transactions for the respective years were as follows:

(Number of Options)	2009	2008
Beginning of year	2,163,426	2,726,113
Options granted	1,381,039	1,154,015
Options forfeited	(75,039)	(93,823)
Options vested	(1,079,741)	(1,622,879)
End of year	**2,389,685**	**2,163,426**

On July 27, 2007, Cameco's board of directors approved an amendment to the company's stock option program introducing a cash settlement feature for the exercise of employee stock options. The cash settlement feature allowed option holders to elect to receive an amount in cash equal to the intrinsic value, being the excess market price of the common share over the exercise price of the option, instead of exercising the option and acquiring common shares. All outstanding stock options were subsequently classified as liabilities and carried at their intrinsic value. The intrinsic value of the liability was marked to market each period and amortized to expense over the shorter of the period to eligible retirement or the vesting period.

Effective November 10, 2008, the stock option plan was amended to eliminate the alternative to settle in cash. As a result of the amendment all outstanding options are classified as equity and the fair value determined using the Black-Scholes option-pricing model. The impact of the reclassification of the stock options at November 10, 2008, was a decrease in liabilities of $25,987,000 with a corresponding increase in contributed surplus.

For the year ended December 31, 2009, Cameco has recorded a net expense of $4,372,000 (2008 recovery — $50,870,000), related to options that vested during the year.

The fair value of the options granted each year was determined using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2009	2008
Number of options granted	1,381,039	1,154,015
Average strike price	$19.41	$38.82
Expected dividend	$0.24	$0.24
Expected volatility	36%	39%
Risk-free interest rate	1.6%	2.9%
Expected life of option	4.0 years	3.5 years
Expected forfeitures	15%	15%
Weighted average grant date fair values	$5.23	$11.90

Executive Performance Share Unit (PSU), Deferred Share Unit (DSU), and Other Plans

Commencing in 2005, Cameco provides each plan participant an annual grant of PSUs in an amount determined by the board. Each PSU represents one phantom common share that entitles the participant to a payment of one Cameco common share purchased on the open market, or cash at the board's discretion, at the end of each three-year period if certain performance and vesting criteria have been met. The final value of the PSUs will be based on the value of Cameco common shares at the end of the three-year period and the number of PSUs that ultimately vest. Vesting of PSUs at the end of the three-year period will be based on total shareholder return over the three years, Cameco's ability to meet its annual cash flow from operations targets and whether the participating executive remains employed by Cameco at the end of the three-year vesting period. As of December 31, 2009, the total PSUs held by the participants was 233,710 (2008 — 179,810).

Cameco offers a deferred share unit plan to non-employee directors. A DSU is a notional unit that reflects the market value of a single common share of Cameco. 60% of each director's annual retainer is paid in DSUs. In addition, on an annual basis directors can elect to receive the remaining 40% of their annual retainer and any additional fees in the form of DSUs. Each DSU fully vests upon award. The DSUs will be redeemed for cash upon a director leaving the board. The redemption amount will be based upon the weighted average of the closing prices of the common shares of Cameco on the TSX for the last 20 trading days prior to the redemption date multiplied by the number of DSUs held by the director. As of December 31, 2009, the total DSUs held by participating directors was 373,921 (2008 — 380,890).

Cameco makes annual grants of bonuses to eligible non-North American employees in the form of phantom stock options. Employees receive the equivalent value of shares in cash when exercised. Options granted under the phantom stock option plan have an award value equal to the closing price quoted on the TSX for the common shares of Cameco on the trading day prior to the date on which the option is granted. The options vest over three years and expire eight years from the date granted. As of December 31, 2009, the number of options held by participating employees was 267,148 (2008 — 277,549) with exercise prices ranging from $5.88 to $46.88 per share (2008 — $4.81 to $46.88) and a weighted average exercise price of $30.61 (2008 — $29.97).

Commencing in 2007, Cameco created an employee share ownership plan whereby both employee and company contributions are used to purchase shares on the open market for employees. The company's contributions are expensed during the year of contribution. Under the plan, all employees have the opportunity to participate in the program to a maximum of 6% of eligible earnings each year with Cameco matching the first 3% of employee-paid shares by 50%. Cameco contributes $1,000 of shares annually to each employee that is enrolled in the plan. At December 31, 2009, there were 3,306 participants in the plan (2008 — 3,067). The total number of shares purchased in 2009 on behalf of participants, including the company contribution, was 281,207 shares (2008 — 287,847). In 2009, the company's contributions totaled $5,166,000 (2008 — $4,513,000).

Cameco has recognized the following expenses (recoveries) under these plans:

	2009	2008
Performance share units	$3,347	$(112)
Deferred share units	4,930	(6,252)
Phantom stock options	1,531	(2,390)
Employee share ownership plan	5,166	4,513

At December 31, 2009, a liability of $18,467,000 (2008 — $10,507,000) was included in the balance sheet to recognize accrued but unpaid expenses for these plans.

23. Pension and Other Post-Retirement Benefits

Cameco maintains both defined benefit and defined contribution plans providing pension and post-retirement benefits to substantially all of its employees.

Under the defined pension benefit plans, Cameco provides benefits to retirees based on their length of service and final average earnings. The non-pension post-retirement plan covers such benefits as group life and supplemental health insurance to eligible employees and their dependents. The costs related to the non-pension post-retirement plans are charged to earnings in the period during which the employment services are rendered. However, these future obligations are not funded.

The effective date for the most recent valuations for funding purposes on the pension benefit plans is January 1, 2009. The next planned effective date for valuation for funding purposes of the pension benefit plans is set to be January 1, 2012. The status of the defined plans is as follows:

(a) Accrued Benefit Obligation

	Pension Benefit Plans		Other Benefit Plans	
	2009	2008	2009	2008
Balance at beginning of year	$23,580	$28,441	$11,842	$13,143
Current service cost	915	1,198	435	504
Interest cost	1,683	1,569	730	629
Actuarial loss (gain)	5,647	(5,410)	(442)	(1,785)
Plan amendments	—	—	—	52
Foreign exchange	(238)	100	—	—
Benefits paid	(747)	(2,318)	(546)	(701)
	$30,840	**$23,580**	**$12,019**	**$11,842**

(b) Plan Assets

	Pension Benefit Plans	
	2009	2008
Fair value at beginning of year	$20,289	$23,864
Actual return on plan assets	(708)	(3,039)
Employer contributions	5,335	59
Benefits paid	(707)	(595)
Fair value at end of year	**$24,209**	**$20,289**

Plan assets consist of:

	Pension Benefit Plans	
	2009	2008
Asset Category (i)		
Equity securities	28%	35%
Fixed income	23%	9%
Other (ii)	49%	56%
Total	**100%**	**100%**

(i) The defined benefit plan assets contain no material amounts of related party assets at December 31, 2009 and 2008 respectively.

(ii) Relates to the value of the refundable tax account held by the Canada Revenue Agency. The refundable total is approximately equal to half of the sum of the realized investment income plus employer contributions less half of the benefits paid by the plan.

(c) Funded Status Reconciliation

	Pension Benefit Plans		Other Benefit Plans	
	2009	2008	2009	2008
Fair value of plan assets	$24,209	$20,289	$—	$—
Accrued benefit obligation	30,840	23,580	12,019	11,842
Funded status of plans — deficit	(6,631)	(3,291)	(12,019)	(11,842)
Unamortized net actuarial loss	14,404	8,106	—	—
Accrued benefit asset (liability) [notes 9, 13]	**$7,773**	**$4,815**	**$(12,019)**	**$(11,842)**

(d) Net Pension Expense

	2009	2008
Current service cost	$915	$1,198
Interest cost	1,683	1,569
Actual return on plan assets	708	3,039
Actuarial loss (gain)	5,647	(5,410)
Balance prior to adjustments to recognize the long-term nature of employee future benefit costs	8,953	396
Difference between actual and expected return on plan assets	(1,494)	(3,859)
Difference between actuarial loss recognized for year and actual actuarial loss (gain) on accrued benefit obligation for year	(4,974)	6,258
Defined benefit pension expense	2,485	2,795
Defined contribution pension expense	13,506	13,005
Net pension expense	**$15,991**	**$15,800**

	2009	2008
Significant assumptions at December 31		
Discount rate	6.0%	7.0%
Rate of compensation increase	4.5%	4.5%
Long-term rate of return on assets	5.9%	6.0%

(e) Other Post-Retirement Benefit Expense (Recovery)

	2009	2008
Current service cost	$435	$504
Interest cost	730	629
Actuarial gain	(442)	(1,785)
Plan amendment costs	—	52
Other post-retirement benefit expense (recovery)	**$723**	**$(600)**

	2009	2008
Significant assumptions at December 31		
Discount rate	6.0%	7.0%
Initial health care cost trend rate	9.0%	8.0%
Cost trend rate declines to	6.0%	6.0%
Year the rate reaches its final level	2011	2011

(f) Pension and Other Post-Retirement Benefits Cash Payments

	2009	2008
Employer contributions to funded pension plans	$5,335	$59
Benefits paid for unfunded benefit plans	585	2,425
Cash contributions to defined contribution plans	13,506	13,005
Total cash payments for employee future benefits	**$19,426**	**$15,489**

Benefits paid by the funded pension plan were $707,000 for 2009 (2008 — $595,000). Cameco's expected contributions for the year ended December 31, 2010 are approximately $288,820 for the pension benefit plans.

The following are estimated future benefit payments, which reflect expected future service:

	Pension Benefit Plans	Other Benefit Plans
2010	$809	$617
2011	1,357	710
2012	1,370	751
2013	1,457	841
2014	1,862	844
2015 to 2019	12,817	4,166

BPLP

BPLP has a funded registered pension plan and an unfunded supplemental pension plan. The funded plan is a contributory, defined benefit plan covering all employees up to the limits imposed by the Income Tax Act. The supplemental pension plan is a non-contributory, defined benefit plan covering all employees with respect to benefits that exceed the limits under the Income Tax Act. These plans are based on years of service and final average salary.

BPLP also has other post-retirement benefit and other post-employment benefit plans that provide for group life insurance, health care and long-term disability benefits. These plans are non-contributory.

The effective date for the most recent valuations for funding purposes on the pension benefit plans is January 1, 2009. The next planned effective date for valuation for funding purposes of the pension benefit plans is set to be January 1, 2010. The status of Cameco's proportionate share (31.6%) of the defined plans is as follows:

(a) Funded Status Reconciliation

	Pension Benefit Plans		Other Benefit Plans	
	2009	2008	2009	2008
Fair value of plan assets	$635,293	$546,755	$—	$—
Accrued benefit obligation	711,636	617,259	151,826	112,355
Funded status of plans — deficit	(76,343)	(70,504)	(151,826)	(112,355)
Unrecognized prior service cost	—	—	2,431	2,881
Unamortized net actuarial loss (gain)	112,956	76,565	23,993	(7,564)
Accrued benefit asset (liability) [notes 9, 13]	**$36,613**	**$6,061**	**$(125,402)**	**$(117,038)**

(b) Pension Asset Categories

	Asset Allocation		Target Allocation	
	2009	2008	2009	2008
Asset Category (i)				
Equity securities	60%	56%	60%	60%
Fixed income	38%	42%	40%	40%
Cash	2%	2%	—	—
Total	**100%**	**100%**	**100%**	**100%**

The assets of the pension plan are managed on a going concern basis subject to legislative restrictions. The plan's investment policy is to maximize returns within an acceptable risk tolerance. Pension assets are invested in a diversified manner with consideration given to the demographics of the plan participants. Rebalancing will take place on a monthly basis if outside of 3% of the target asset allocation.

(i) The defined benefit plan assets contain no material amounts of related party assets at December 31, 2009.

(c) Net Pension Expense

	2009	2008
Current service cost	$16,562	$27,599
Interest cost	41,061	43,375
Actual return on plan assets	(65,486)	78,229
Actuarial loss (gain)	65,018	(238,037)
Balance prior to adjustments to recognize the long-term nature of employee future benefit costs	57,155	(88,834)
Difference between actual and expected return on plan assets	27,286	(121,493)
Difference between actuarial loss recognized and actual actuarial loss (gain) on accrued benefit obligation for year	(63,677)	249,271
Net pension expense	**$20,764**	**$38,944**

	2009	2008
Significant assumptions at December 31		
Discount rate	6.0%	6.8%
Rate of compensation increase	5.5%	6.0%
Long-term rate of return on assets	7.0%	7.0%

(d) Other Benefit Plans Expense

	2009	2008
Current service cost	$4,454	$7,007
Interest cost	7,284	7,308
Actuarial loss (gain)	31,127	(36,228)
Balance prior to adjustments to recognize the long-term nature of employee future benefit costs	42,865	(21,913)
Difference between amortization of past service costs and actual plan amendments for year	450	450
Difference between actuarial (gain) loss recognized and actual actuarial loss (gain) on accrued benefit obligation for year	(31,556)	37,608
Other benefit plans expense	**$11,759**	**$16,145**

	2009	2008
Significant assumptions at December 31		
Discount rate	5.8%	6.4%
Rate of compensation increase	3.5%	3.5%
Initial health care cost trend rate	10.0%	9.5%
Cost trend rate declines to	5.0%	5.0%
Year the rate reaches its final level	2019	2019

(e) Pension and Other Post-Retirement Benefits Cash Payments

	2009	2008
Employer contributions to funded pension plans	$48,980	$37,604
Benefits paid for unfunded benefit plans	4,209	3,815
Total cash payments for employee future benefits	**$53,189**	**$41,419**

Benefits paid by the funded pension plan were $32,531,000 for 2009 (2008 — $37,015,000). BPLP's expected contributions for the year ended December 31, 2010 are approximately $56,771,000 for the pension benefit plans.

The following are estimated future benefit payments, which reflect expected future service:

	Pension Benefit Plans	Other Benefit Plans
2010	$39,924	$4,989
2011	43,146	5,438
2012	46,583	5,965
2013	50,119	6,513
2014	53,682	7,078
2015 to 2019	317,914	43,343

24. Acquisitions

(a) Acquisition of Interest in GE-Hitachi Global Laser Enrichment LLC (GLE)

On June 19, 2008, Cameco, through a wholly owned subsidiary acquired a 24.0% interest in GLE at an initial cost of $123,848,000 (US). In addition, a promissory note in the amount of $73,344,000 (US) was issued in support of future development of the business. The remainder of GLE is owned indirectly by General Electric Company (51%) and Hitachi Ltd. (25%). GLE is in the process of developing uranium enrichment technology. The investment in GLE extends Cameco's involvement in the front end of the nuclear fuel cycle. The promissory note is payable on demand and bears interest at market rates. The purchase price was financed with cash and debt. The equity method is being used to account for this investment.

The purchase price allocation of Cameco's 24.0% investment was as follows:

Cash	$46,415
Notes receivable	27,488
Property, plant & equipment	8,289
Intangible assets	115,485
Net liabilities	(603)
Equity interest acquired	$197,074
Financed by:	
Bank debt	$123,774
Promissory note	73,300
	$197,074

The amount allocated to the investment in GLE includes an excess purchase price of approximately $110,517,000 over Cameco's incremental share of the book value of the underlying net assets of the business. The values assigned to assets will be amortized to income over their estimated lives.

(b) Acquisition of Interest in Kintyre Uranium Exploration Project (Kintyre)

On August 11, 2008, a venture comprised of a wholly owned Cameco subsidiary (70%) and Mitsubishi Development Pty Ltd. (30%) acquired a 100% interest in the Kintyre uranium exploration project in the East Pilbara region of Western Australia from Rio Tinto for a total cost of $495,000,000 (US). Kintyre is an advanced exploration project located in Western Australia about 1,250 kilometres northeast of Perth.

The values assigned to the net assets acquired were as follows:

Property, plant & equipment	$501,287
Minority interest	(150,386)
Net assets acquired	$350,901
Financed by:	
Bank debt	$350,901

(c) Acquisition of Interest in GoviEx Uranium (GoviEx)

On August 22, 2008, Cameco, through a wholly owned subsidiary, acquired a 12% interest in GoviEx at an initial cost of $28,125,000 (US). GoviEx is a closely held exploration company formed in 2006 with uranium exploration properties in Niger, Africa. The equity method was being used to account for this interest until June 2009.

Cameco had an option to acquire an additional 10% interest in GoviEx for $31,250,000 (US) following completion of a due diligence review. Cameco elected not to proceed with the additional investment and it was determined in June 2009, that Cameco no longer had the ability to exert significant influence over the operations of GoviEx. The use of the equity method of accounting was discontinued and the investment in GoviEx is now accounted for as an available-for-sale security.

25. Restructuring of the Gold Business

The assets and liabilities related to discontinued operations have been reclassified as assets or liabilities of discontinued operations on the consolidated balance sheets. Operating results related to the discontinued operations have been included in earnings from discontinued operations on the consolidated statements of earnings. Comparative period balances have been restated.

(a) Sale of Centerra Gold Inc.

On December 30, 2009, Cameco completed a public offering of 88,618,472 common shares of Centerra for net proceeds of approximately $871,000,000 and recorded a net gain of $374,000,000. Concurrent with this offering, Cameco transferred an additional 25,300,000 common shares of Centerra to Kyrgyzaltyn pursuant to the agreement that Cameco entered into with the Government of the Kyrgyz Republic on April 24, 2009. As a result of the closing of the public offering, and the transfer of the Centerra common shares to Kyrgyzaltyn, Cameco has disposed of its entire interest in Centerra.

(b) Kyrgyz Share Transfer

In 2007, the Parliament of the Kyrgyz Republic challenged the legal validity of Kumtor Gold Company (Kumtor) agreements with the Kyrgyz Republic. As a result, Cameco and Centerra entered into discussions with Kyrgyzaltyn culminating in the signing of two agreements in August 2007 providing for the transfer of a certain number of Centerra shares to Kyrgyzaltyn, subject to certain conditions. These agreements, however, were never ratified by the Kyrgyz parliament.

On April 24, 2009, Cameco, Centerra, the Kyrgyz Government and other parties signed a new agreement to resolve all the issues related to the Kumtor mine. On April 30, 2009, the Kyrgyz parliament ratified the agreement and enacted legislation authorizing implementation of the agreement. On June 11, 2009, closing occurred and Centerra issued 18,232,615 treasury shares to Kyrgyzaltyn and Cameco transferred 25,300,000 shares of its 113,918,000 Centerra common shares to a custodian, to be held in escrow, for ultimate release to Kyrgyzaltyn, subject to certain conditions. Cameco retained its voting rights over these shares while they were held in escrow. As a result of the public offering concluded on December 30, 2009, Cameco released the shares held in escrow to Kyrgyzaltyn.

The total amount of the after-tax loss related to this agreement is $179,000,000, of which an expense of $46,000,000 was recorded in 2009, a recovery of $20,000,000 in 2008 and an expense of $153,000,000 in 2007.

(c) Financial Results of Discontinued Operations

The results of the operations of Centerra are presented under “discontinued operations” on the consolidated statements of earnings. The following table presents the components of the discontinued operations amounts, net of future income tax expenses [note 18]:

(Millions)	2009	2008
Sale of Centerra	$374.2	$—
Kyrgyz share transfer	(45.9)	19.9
Operating earnings	54.1	64.1
Earnings from discontinued operations	$382.4	$84.0

The following table presents the components of the operating results of Centerra:

(Millions)	2009	2008
Revenue	$770.2	$676.6
Expenses		
Products and services sold	440.4	371.3
Depreciation, depletion and reclamation	122.4	85.9
Exploration	28.5	25.0
Other	37.3	33.9
Earnings before income taxes and minority interest	141.6	160.5
Income tax expense	33.4	36.6
Minority interest	54.1	59.8
Operating earnings	$54.1	$64.1

28. Commitments and Contingencies

(a) On February 12, 2004, Cameco, Cameco Bruce Holdings II Inc., BPC Generation Infrastructure Trust and TransCanada Pipelines Limited (collectively, the "Consortium") sent a notice of claim to British Energy Limited and British Energy International Holdings Limited (collectively, BE) requesting, amongst other things, indemnification for breach of a representation and warranty contained in the February 14, 2003, Amended and Restated Master Purchase Agreement. The alleged breach is that the Unit 8 steam generators were not "in good condition, repair and proper working order, having regard to their use and age." This defect was discovered during a planned outage conducted just after closing. As a result of this defect, the planned outage had to be significantly extended. The Consortium has claimed damages in the amount of $64,558,200 being 79.8% of the $80,900,000 of damages actually incurred, plus an unspecified amount to take into account the reduced operating life of the steam generators. By agreement of the parties, an arbitrator has been appointed to arbitrate the claims and a schedule has been set for the next steps in the proceeding.

The Consortium served its claim on October 21, 2008, and has amended it as required, most recently on August 7, 2009. BE served its answer and counter-statement on December 22, 2008, most recently amended on July 8, 2009, and the Consortium served its reply and answer to counter-statement on January 22, 2009, most recently amended on August 7, 2009.

The Unit 8 steam generators require on-going monitoring and maintenance as a result of the defect. In addition to the $64,558,200 in damages sought in the notice of claim, the claim seeks an additional $4,900,000 spent on inspection, monitoring and maintenance of Unit 8, and $31,900,000 in costs for future monitoring and maintenance, as well as repair costs and lost revenue due to anticipated unplanned outages as a consequence of the defect in Unit 8. The initial claim had also sought damages for the early replacement of the Unit 8 steam generators due to the defect shortening their useful operating lives. However, recent inspection data and analysis of the condition of the Unit 8 steam generators now indicates that they will continue to function until the end of the Consortium's lease of the Bruce Power facility in 2018, as was expected at the time the MPA was entered into. The claim for early replacement was thus abandoned via an amendment to the claim on August 7, 2009. The parties have completed oral discoveries and are currently in the process of completing answers to undertakings given during discoveries. The hearing is scheduled to take place in April and May 2010.

In anticipation of this claim, BE issued on February 10, 2006, and then served on Ontario Power Generation Inc. (OPG) and Bruce Power LP a Statement of Claim. This Statement of Claim seeks damages for any amounts that BE is found liable to pay to the Consortium in connection with the Unit 8 steam generator arbitration described above, damages in the amount of $500,000,000, costs and pre and post judgment interest amongst other things. This action is in abeyance pending further developments on the Unit 8 steam generator arbitration.

(b) Annual supplemental rents of $26,000,000 (subject to CPI) per operating reactor are payable by BPLP to OPG. Should the hourly annual average price of electricity in Ontario fall below $30 per megawatt hour, the supplemental rent reduces to $13,000,000 per operating reactor. In accordance with the Sublease Agreement, Bruce A L.P. will participate in its share of any adjustments to the supplemental rent.

(c) Cameco, TransCanada and BPC have assumed the obligations to provide financial guarantees on behalf of BPLP. Cameco has provided the following financial assurances, with varying terms that range from 2004 to 2018:

i) Licensing assurances to Canadian Nuclear Safety Commission of up to $133,300,000. At December 31, 2009, Cameco's actual exposure under these assurances was nil.

ii) Guarantees to customers under power sales agreements of up to $35,300,000. At December 31, 2009, Cameco's actual exposure under these guarantees was $28,300,000.

iii) Termination payments to OPG pursuant to the lease agreement of $58,300,000.

The fair value of these guarantees is nominal.

(d) Under a supply contract with the Ontario Power Authority (OPA), BPLP is entitled to receive payments from the OPA during periods when the market price for electricity in Ontario is lower than the floor price defined under the agreement during a calendar year. On July 6, 2009, BPLP and the OPA amended the supply contract such that beginning in 2009, the annual payments received will not be subject to repayment in future years. Previously, the payments received under the agreement were subject to repayment during the entire term of the contract, dependent on the spot price in future periods. The agreement remains in effect until the earlier of December 31, 2019 or one year after the shutdown of the BPLP units. During 2009, BPLP became entitled to $526,000,000 under this agreement and currently expects to repay $12,000,000. The remaining $514,000,000 was recognized as revenue with Cameco's share being $162,000,000.

(e) Cameco's North American workforce includes about 3,000 employees, of which approximately 850 (28%) belong to three separate labour unions. A collective agreement for one of the three unions, representing about 250 employees, is set to expire in 2010.

(f) At December 31, 2009, Cameco's purchase commitments, the majority of which are fixed price uranium and conversion purchase arrangements, were as follows:

	(Millions (US))
2010	$134
2011	150
2012	169
2013	326
2014	27
Thereafter	34
Total	**$840**

27. Financial Instruments

The majority of revenues at Cameco are derived from the sale of uranium products, and electricity through its investment in BPLP. Cameco's uranium product financial results are closely related to the long and short-term market price of uranium sales and conversion services. Prices fluctuate and can be affected by demand for nuclear power, worldwide production and uranium levels, and political and economic conditions in uranium producing and consuming countries. BPLP's revenue from electricity is affected by changes in electricity prices associated with an open spot market for electricity in Ontario. Financial results for Cameco are also impacted by changes in foreign currency exchange rates and other operating risks. Finally, certain financial assets are subject to credit risks including cash and securities, accounts receivable, and commodity and currency instruments.

To mitigate risks associated with certain financial assets, Cameco will hold positions with a variety of large creditworthy institutions. Sales of uranium products, with short payment terms, are made to customers that management believes are creditworthy.

To mitigate risks associated with foreign currency on its sale of uranium products, Cameco enters into forward sales contracts to establish a price for future delivery of the foreign currency.

To mitigate risks associated with the fluctuations in the market price for uranium products, Cameco seeks to maintain a portfolio of uranium product sales contracts with a variety of delivery dates and pricing mechanisms that provide a degree of protection from price volatility. To mitigate risks associated with the fluctuations in the market price for electricity, BPLP enters into various energy and sales related contracts that qualify as cash flow hedges. These instruments have terms ranging from 2010 to 2015. At December 31, 2009, the mark-to-market gain on BPLP's sales contracts was $96,000,000.

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

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

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

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

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

Except as otherwise disclosed, the fair market value of Cameco's financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments, or the variable interest rate associated with the instruments, or the fixed interest rate of the instruments being similar to market rates.

The fair values of Cameco's privately held available-for-sale securities, as described in note 9, have not been disclosed because of the unavailability of a quoted market price in an active market. Cameco does not currently have plans to dispose of any of these investments.

The following tables present Cameco's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis.

As at December 31, 2009

Description	Total	Level 1	Level 2	Level 3
Derivative instrument assets	$210,381	$—	$197,381	$13,000
Available-for-sale securities [notes 5, 9]	207,473	207,473	—	—
Derivative instrument liabilities	(40,957)	—	(39,957)	(1,000)
Net	**$376,897**	**$207,473**	**$157,424**	**$12,000**

As at December 31, 2008

Description	Total	Level 1	Level 2	Level 3
Derivative instrument assets	$81,787	$—	$81,787	$—
Available-for-sale securities [note 9]	3,718	3,718	—	—
Derivative instrument liabilities	(120,403)	—	(120,403)	—
Net	**$(34,898)**	**$3,718**	**$(38,616)**	**$—**

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged in an arm's-length transaction between knowledgeable and willing parties under no compulsion to act. Fair values of identical instruments traded in active markets are determined by reference to last quoted prices, in the most advantageous active market for that instrument. In the absence of an active market, we determine fair values based on quoted prices for instruments with similar characteristics and risk profiles. Fair values of financial instruments determined using valuation models require the use of inputs. In determining those inputs, we look primarily to external, readily observable market inputs, when available, including factors such as interest rate yield curves, currency rates, and price and rate volatilities, as applicable. In some circumstances, we use input parameters that are not based on observable market data. In these cases, we may adjust model values to reflect the valuation uncertainty in order to determine what the fair value would be based on the assumptions that market participants would use in pricing the financial instrument. These adjustments are made in order to determine the fair value of the instruments.

We make valuation adjustments for the credit risk of our derivative portfolios in order to arrive at their fair values. These adjustments take into account the creditworthiness of our counterparties.

Equity-accounted investments and financial instruments classified as available-for-sale comprise actively traded debt and equity securities and are carried at fair value based on available quoted prices.

There were no significant transfers between level 1 and level 2 of the fair value hierarchy. Transfers from level 2 to level 3 are noted in the preceding tables. Transfers into level 3 are comprised of BPLP derivative financial instruments with contract terms extending beyond 36 months. Previously, all BPLP derivative financial instruments were classified as level 2, but given the recent decline in electricity prices as a result of the recession, the liquidity in the market was significantly reduced, resulting in a lack of an active market and observable market inputs beyond 36 months.

Derivatives

The following tables summarize the fair value of derivatives and classification on the balance sheet:

As at December 31, 2009

	Cameco	BPLP	Total
Non-hedge derivatives:			
Embedded derivatives — sales contracts	$(2,736)	$9,082	$6,346
Foreign currency contracts	67,031	—	67,031
Cash flow hedges:			
Energy and sales contracts	—	96,047	96,047
Net	**$64,295**	**$105,129**	**$169,424**
Classification:			
Current portion of long-term receivables, investments and other [note 9]	$66,972	$87,439	$154,411
Long-term receivables, investments and other [note 9]	1,460	54,510	55,970
Current portion of other liabilities [note 13]	(445)	(19,595)	(20,040)
Other liabilities [note 13]	(3,692)	(17,225)	(20,917)
Net	**$64,295**	**$105,129**	**$169,424**

As at December 31, 2008

	Cameco	BPLP	Total
Non-hedge derivatives:			
Embedded derivatives — sales contracts	$(8,951)	$4,344	$(4,607)
Foreign currency contracts	(105,125)	—	(105,125)
Cash flow hedges:			
Energy and sales contracts	—	71,116	71,116
Net	**$(114,076)**	**$75,460**	**$(38,616)**
Classification:			
Current portion of long-term receivables, investments and other [note 9]	$5,793	$43,654	$49,447
Long-term receivables, investments and other [note 9]	—	32,340	32,340
Current portion of other liabilities [note 13]	(110,918)	(73)	(110,991)
Other liabilities [note 13]	(8,951)	(461)	(9,412)
Net	**$(114,076)**	**$75,460**	**$(38,616)**

The following tables summarize different components of the (gains) and losses on derivatives:

For the year ended December 31, 2009

	Cameco	BPLP	Total
Non-hedge derivatives:			
Embedded derivatives — sales contracts	$(4,764)	$(4,737)	$(9,501)
Foreign currency contracts	(234,066)	—	(234,066)
Interest rate contracts	401	—	401
Cash flow hedges:			
Energy and sales contracts	—	(638)	(638)
Net	**$(238,429)**	**$(5,375)**	**$(243,804)**

For the year ended December 31, 2008

	Cameco	BPLP	Total
Non-hedge derivatives:			
Embedded derivatives — sales contracts	$18,052	$2,841	$20,893
Foreign currency contracts	179,673	—	179,673
Interest rate contracts	906	—	906
Cash flow hedges:			
Energy and sales contracts	—	(1,031)	(1,031)
Ongoing hedge inefficiency	2,210	—	2,210
Net	**$200,841**	**$1,810**	**$202,651**

Over the next twelve months, based on current exchange rates, Cameco expects an estimated $34,260,000 of pre-tax gains from the foreign currency cash flow hedges to be reclassified through other comprehensive income to net earnings. The maximum length of time Cameco hedges its exposure to the variability in future cash flows related to foreign currency on anticipated transactions is five years.

Over the next twelve months, based on current prices, Cameco expects an estimated $63,876,000 of pre-tax gains from BPLP's various energy and sales related cash flow hedges to be reclassified through other comprehensive income to net earnings. The maximum length of time BPLP is hedging its exposure to the variability in future cash flows related to electricity prices on anticipated transactions is five years.

Currency

At December 31, 2009, Cameco had $1,490,000,000 (US) in forward contracts at an average exchange rate of $1.09 and €34,200,000 at an average exchange rate of $1.46. The foreign currency contracts are scheduled for use as follows:

(Millions)	US	Rate	Cdn	Euro	Rate	US
2010	$880	1.08	$950	€ 13	1.45	$19
2011	475	1.12	532	16	1.47	24
2012	135	1.06	143	5	1.46	7
Total	**$1,490**	**1.09**	**$1,625**	**€ 34**	**1.46**	**$50**

These positions consist entirely of forward sales contracts. The average exchange rate reflects the original spot prices at the time the contracts were entered into and includes forward points. The realized exchange rate will depend on the forward premium (discount) that is earned (paid) as contracts are utilized. Of these amounts $1,325,000,000 of the US-denominated contracts and $34,000,000 of the Euro-denominated contracts mature in 2010. The remaining $165,000,000 in US-denominated contracts matures in 2011.

28. Per Share Amounts

Per share amounts have been calculated based on the weighted average number of common shares outstanding during the year. The weighted average number of paid shares outstanding in 2009 was 387,955,503 (2008 — 350,130,431).

	2009	2008
Basic earnings per share computation		
Net earnings	$1,099,422	$450,117
Weighted average common shares outstanding	387,956	350,130
Basic earnings per common share	**$2.83**	**$1.29**
Diluted earnings per share computation		
Net earnings	$1,099,422	$450,117
Weighted average common shares outstanding	387,956	350,130
Dilutive effect of stock options	1,977	1,982
Weighted average common shares outstanding, assuming dilution	389,933	352,112
Diluted earnings per common share	**$2.82**	**$1.28**

29. Segmented Information

Cameco has three reportable segments: uranium, fuel services and electricity. The uranium segment involves the exploration for, mining, milling, purchase and sale of uranium concentrate. The fuel services segment involves the refining, conversion and fabrication of uranium concentrate and the purchase and sale of conversion services. The electricity segment involves the generation and sale of electricity.

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

Accounting policies used in each segment are consistent with the policies outlined in the summary of significant accounting policies.

(a) Business Segments

2009

(Millions)	Uranium	Fuel Services	Electricity	Inter-Segment	Total
Revenue	$1,551.3	$276.3	$518.3	$(30.9)	$2,315.0
Expenses					
Products and services sold	901.4	203.9	243.5	(24.5)	1,324.3
Depreciation, depletion and reclamation	161.9	22.8	55.6	0.3	240.6
Exploration	49.1	—	—	—	49.1
Other	15.9	21.3	—	—	37.2
Cigar Lake remediation	17.9	—	—	—	17.9
Gain on sale of assets	(0.6)	—	—	—	(0.6)
Non-segmented expenses					(120.4)
Earnings (loss) before income taxes and minority interest	**405.7**	**28.3**	**219.2**	**(6.7)**	**766.9**
Income tax expense					52.9
Minority interest					(3.0)
Net earnings from continuing operations					**$717.0**
Assets	**$5,956.1**	**$383.9**	**$904.4**	**$—**	**$7,244.4**
Intangibles	**$—**	**$97.7**	**$—**	**$—**	**$97.7**
Capital expenditures for the year	**$333.3**	**$20.7**	**$38.7**	**$—**	**$392.7**

2008 (Recast)

(Millions)	Uranium	Fuel Services	Electricity	Inter-Segment	Total
Revenue	$1,512.4	$251.7	$445.3	$(26.8)	$2,182.6
Expenses					
Products and services sold	712.0	217.5	245.5	(28.5)	1,146.5
Depreciation, depletion and reclamation	135.9	26.6	46.0	(1.0)	207.5
Exploration	53.2	—	—	—	53.2
Other	37.9	2.0	—	—	39.9
Cigar Lake remediation	11.4	—	—	—	11.4
Gain on sale of assets	(4.1)	—	—	—	(4.1)
Non-segmented expenses					386.7
Earnings before income taxes and minority interest	**566.1**	**5.6**	**153.8**	**2.7**	**341.5**
Income tax recovery					(24.4)
Minority interest					(0.2)
Net earnings from continuing operations					**$366.1**
Assets	**$4,595.7**	**$311.3**	**$826.1**	**$—**	**$5,733.1**
Intangibles	**$—**	**$101.4**	**$—**	**$—**	**$101.4**
Capital expenditures for the year	**$421.1**	**$77.2**	**$32.8**	**$—**	**$531.1**

(b) Geographic Segments

(Millions)	2009	2008
Revenue from products and services		
Canada — domestic	$739.2	$589.7
— export	194.9	291.3
United States	1,380.9	1,301.6
	$2,315.0	**$2,182.6**
Assets		
Canada	$5,755.7	$4,121.9
United States	662.9	798.2
Australia	553.1	505.1
Europe	139.0	194.9
Kazakhstan	231.4	214.4
	$7,342.1	**$5,834.5**

(c) Major Customers

Cameco relies on a small number of customers to purchase a significant portion of its uranium concentrates and uranium conversion services. During 2009, revenues from one customer of Cameco's uranium and fuel services segments represented approximately $252,699,000 (2008 — $106,799,000), about 14% (2008 — 6%) of Cameco's total revenues from these segments. As customers are relatively few in number, accounts receivable from any individual customer may periodically exceed 10% of accounts receivable depending on delivery schedules.

During 2009, electricity revenues from one customer of BPLP represented approximately 5% (2008 — 4%) of BPLP's total revenues.

30. Related Party Transactions

Cameco purchases a significant amount of goods and services for its Saskatchewan mining operations from northern Saskatchewan suppliers to support economic development in the region. One such supplier is Points Athabasca Contracting Ltd. and the president of the company became a member of the board of directors at Cameco during 2009. In 2009, Cameco paid Points Athabasca Contracting $30,800,000 (2008 — $38,500,000) for construction and contracting services. The transactions were conducted in the normal course of business and were accounted for at the exchange amount. Accounts payable include a balance of $230,000 (2008 — $940,000) resulting from these transactions.

31. Comparative Figures

Certain prior year balances have been reclassified to conform to the current financial statement presentation.

EXHIBIT 99.3



2009 Management's discussion and analysis

February 23, 2010

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Throughout this document, the terms *we, us, our* and *Cameco* mean Cameco Corporation and its subsidiaries.

Management's discussion and analysis

This management's discussion and analysis (MD&A) includes information that will help you understand management's perspective of our audited consolidated financial statements and notes for the year ended December 31, 2009. The information is based on what we knew as of February 23, 2010.

We encourage you to read our audited consolidated financial statements as you review the MD&A. You can find more information about Cameco, including our audited consolidated financial statements and our most recent annual information form, on our website at cameco.com, on SEDAR at sedar.com or on EDGAR at sec.gov. You should also read our annual information form before making a decision to invest in our securities.

Unless we have specified otherwise, all dollar amounts are in Canadian dollars. The financial information in this MD&A and in our financial statements and notes are prepared according to Canadian generally accepted accounting principles (Canadian GAAP), unless otherwise indicated. We also prepare a reconciliation of our annual financial statements to US GAAP, which is filed with securities regulatory authorities. We present our mineral reserve and resource estimates as required by Canadian securities law. See *Important information for US investors* on page 82.

About forward-looking information

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

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

- It typically includes words and phrases about the future, such as: *anticipate, expect, plan, intend, predict, goal, target, project, potential, strategy* and *outlook* (see examples on page 3).
- It represents our current views, and can change significantly.
- It is based on a number of *material assumptions,* including those we've listed below, which may prove to be incorrect.
- Actual results and events may be significantly different from what we currently expect, because of the risks associated with our business. We list a number of these *material risks* below. We recommend you also review our annual information form, which includes a discussion of other material risks that could cause actual results to differ significantly from our current expectations.

Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. We will not necessarily update this information unless we are required to by securities laws.

Examples of forward-looking information in this MD&A

- our expectations about future worldwide uranium supply and demand
- production at our uranium operations from 2010 to 2014 and our target for doubling annual production by 2018
- our ability to maintain expected annual production at McArthur River and Key Lake within the time frames we have set, to complete remediation and begin production at Cigar Lake within the time frames we have set and at the estimated cost, and to achieve our annual production targets at Inkai
- our expectations that our existing cash balances and operating cash flows will be sufficient to meet our anticipated requirements over the next several years without the need for any significant additional financing
- future production at our fuel services operations
- the likely terms and volumes to be covered by long-term delivery contracts that we enter into in 2010 and future years
- future royalty and tax payments and rates
- our long-term uranium price sensitivity analysis
- our 2010 objectives
- the outlook for each of our operating segments for 2010, and our consolidated outlook for the year

Material risks

- actual sales volumes or market prices for any of our products or services are lower than we expect for any reason, including changes in market prices or loss of market share to a competitor
- we are adversely affected by changes in foreign currency exchange rates, interest rates or tax rates
- production costs are higher than planned, or necessary supplies are not available, or not available on commercially reasonable terms
- our estimates of production, decommissioning or reclamation expenses, or our tax expense estimates, prove to be inaccurate
- we are unable to enforce our legal rights, or are subject to litigation or arbitration that has an adverse outcome
- there are defects in title to our properties
- our reserve and resource estimates are inaccurate, or we face unexpected or challenging geological, hydrological or mining conditions
- we are affected by environmental, safety and regulatory risks, including increased regulatory burdens
- we cannot obtain or maintain necessary permits or approvals from government authorities
- we are affected by political risks in a developing country where we operate (like Kazakhstan)
- we are affected by terrorism, sabotage, accident or a deterioration in political support for, or demand for, nuclear energy
- there are changes to government regulations or policies, including tax and trade laws and policies
- our uranium and conversion suppliers fail to fulfil delivery commitments
- we are affected by natural phenomena, including inclement weather, fire, flood, underground floods, earthquakes, pitwall failure and cave-ins
- our operations are disrupted due to problems with our own or our customers' facilities, the unavailability of reagents, equipment, operating parts and supplies critical to production, labour relations issues, strikes or lockouts and other developments and operating risks

Material assumptions

- sales and purchase volumes and prices for uranium, fuel services and electricity
- expected production costs
- expected spot prices and realized prices for uranium, and other factors discussed on page 41, *Long-term price sensitivity analysis: uranium*
- tax rates, foreign currency exchange rates and interest rates
- decommissioning and reclamation expenses
- reserve and resource estimates
- the geological, hydrological and other conditions at our mines, including the accuracy of our expectations about the condition of underground workings at Cigar Lake
- our ability to continue to supply our products and services in the expected quantities and at the expected times
- our ability to comply with current and future environmental, safety and other regulatory requirements, and to obtain and maintain required regulatory approvals
- our operations are not significantly disrupted as a result of political instability, nationalization, terrorism, sabotage, natural disasters, governmental or political actions, litigation or arbitration proceedings, labour relations issues, or other development or operating risks

2009 Highlights

Cameco is one of the world's largest uranium producers, with uranium assets on three continents. Nuclear energy plants around the world use our uranium products to generate one of the cleanest sources of electricity available today.

Our vision is to be a dominant nuclear energy company producing uranium fuel and generating clean electricity. Our goal is to be the supplier, partner, investment and employer of choice in the nuclear industry.

We have long-term objectives for each of our three business segments:

- *uranium* – double our annual production to 40 million pounds by 2018 from existing assets
- *fuel services* – invest in our fuel services business to support our overall growth in the nuclear business
- *electricity* – maintain steady cash flow while gaining exposure to new opportunities

We made significant progress this year both financially and at our operations.

Strong financial performance

2009 was a record financial year for us.

We delivered the highest net earnings ever, at $1.1 billion (144% higher than last year) and increased cash from continuing operations by 30%, to $690 million. Cash on hand increased to $1.3 billion at year end. We intend to use these funds to advance our growth strategy.

Highlights
December 31

($ millions except where indicated)			**2009**	**2008**	**change**
Revenue			**2,315**	2,183	6%
Gross profit			**750**	829	(10)%
Net earnings			**1,099**	450	144%
- $ per common share (diluted)			**2.82**	1.28	120%
Adjusted net earnings (non-GAAP, see page 29)			**582**	589	(1)%
- $ per common share (adjusted and diluted)			**1.49**	1.67	(11)%
Cash provided by continuing operations			**690**	530	30%
Average realized prices	Uranium	$US/lb	**38.25**	39.52	(3)%
		$Cdn/lb	**45.12**	43.91	3%
	Fuel services	$Cdn/kgU	**17.84**	15.85	13%
	Electricity	$Cdn/MWh	**64**	57	12%

Shares and stock options outstanding

At February 22, 2010, we had:

- 392,853,733 common shares and one Class B share outstanding
- 7,939,833 stock options outstanding, with exercise prices ranging from $5.75 to $55.00

Dividend policy

Our board of directors has established a policy of paying a quarterly dividend of $0.07 ($0.28 per year) per common share. This policy will be reviewed from time to time based on our cash flow, earnings, financial position, strategy and other relevant factors.

Excellent progress at our operations

In our uranium segment this year we increased production by 20%. Key highlights:

- Successfully moved to a new mining zone at McArthur River/Key Lake, through the water-saturated Athabasca sandstone – a mining first, and largely as a result of our innovative freezewall design. We also reduced the amount of molybdenum and selenium released to the environment.
- Extended Rabbit Lake's expected production life by two years to 2015.
- Commissioned Inkai's main processing plant, and started commissioning the first satellite plant.
- Completed dewatering the underground development at Cigar Lake in February 2010, and based on current information, expect initial production in mid-2013.

In our fuel services segment, we resumed UF_6 production at Port Hope and operations returned to normal.

In our electricity segment, BPLP generated 24.6 million terawatt hours (TWh) of electricity, at a capacity factor of 87%. Our share of earnings before taxes went up by 59% to $224 million.

We continued to invest in our exploration activities, spending $23 million in six brownfield and advanced exploration projects, including $11 million for delineation drilling at Kintyre, plus about $31 million in regional exploration programs. Saskatchewan was the largest single region, followed by Australia, northern Canada and the rest of the global program.

Highlights		2009	2008	change
Uranium	Production volume (million lbs)	**20.8**	17.3	20%
	Revenue ($ millions)	**1,551**	1,512	3%
Fuel services	Production volume (million kgU)	**12.3**	8.3	48%
	Revenue ($ millions)	**276**	252	10%
Electricity	Output (100%) (TWh)	**24.6**	24.7	—
	Revenue (100%)	**1,640**	1,409	16%
	Our share of earnings before taxes	**224**	141	59%

Key market facts

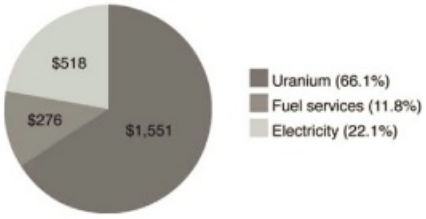
Demand for electricity is expected to nearly double by 2030, driven mainly by growth in the developing world as it seeks to diversify sources of energy and provide supply security.

- The world is increasingly recognizing the benefits of nuclear energy as it searches for alternatives to carbon-based electricity generation and security of supply.
- There are 436 commercial nuclear power reactors operating in 30 countries, providing about 15% of the world's electricity.
- There are 53 reactors currently under construction and, by 2019, 91 new reactors (net) are forecast to come on line.
- Most of this new build is being driven by rapidly developing countries like China and India, which have severe energy deficits and want clean sources of electricity to improve their environment and sustain economic growth.
- Over the next decade, demand for uranium to fuel existing and new reactors is expected to grow by an average of 3% per year.
- To meet global demand over the next 10 years, we expect that about 67% of uranium supply will come from mines that are currently in operation, 21% from finite sources of secondary supply (mainly government inventories and limited recycling), and 12% will have to come from new sources of primary production.
- Cameco – with uranium assets on three continents, including high-grade reserves and low-cost mining operations in Canada, and investments that cover the nuclear fuel cycle – is ideally positioned to benefit from the world's growing need for clean, reliable energy.

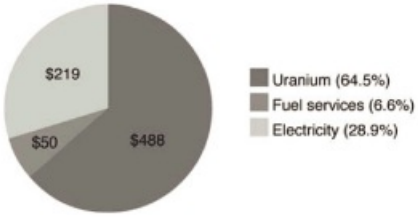
About Cameco

Cameco, with its head office in Saskatoon, Saskatchewan, is one of the world's largest uranium producers, with uranium assets on three continents. Nuclear energy plants around the world use our uranium products to generate one of the cleanest sources of electricity available today.

2009 Revenue by segment
($ millions)



2009 Gross profit by segment
($ millions)



Uranium

We are one of the world's largest uranium producers, and in 2009 accounted for about 16% of the world's production. We have controlling ownership of the world's largest high-grade reserves, with ore grades up to 100 times the world average, and low-cost operations.

Product

- uranium concentrates (U3O8)

Reserves and resources

Reserves

- approximately 480 million pounds proven and probable

Resources

- approximately 140 million pounds measured and indicated and 355 million pounds inferred

Global exploration

- focused on four continents

Operating properties

- McArthur River and Key Lake, Saskatchewan
- Rabbit Lake, Saskatchewan
- Smith Ranch-Highland, Wyoming
- Crow Butte, Nebraska
- Inkai, Kazakhstan

Development project

- Cigar Lake, Saskatchewan

Projects under evaluation

- Inkai blocks 1 and 2 production increase, Kazakhstan
- Inkai block 3, Kazakhstan
- McArthur River expansion, Saskatchewan
- Kintyre, Australia
- Millennium, Saskatchewan

Fuel services

We are an integrated uranium fuel supplier, offering refining, conversion and fuel manufacturing services.

Products

- uranium trioxide (UO_3)
- uranium hexafluoride (UF_6) (control 35% of western world capacity)
- uranium dioxide (UO_2) (the world's only commercial producer of natural UO_2)
- fuel bundles, reactor components and monitoring equipment used by Candu reactors

Operations

- Blind River refinery, Ontario (refines U_3O_8 to UO_3)
- Port Hope conversion facility, Ontario (converts UO_3 to UF_6 or UO_2)
- Cameco Fuel Manufacturing Inc., Ontario (manufactures fuel bundles and reactor components)
- 10-year toll conversion agreement with Springfields Fuels Ltd. (SFL), Lancashire, United Kingdom (UK) (to convert UO_3 to UF_6 – expires in 2016)

We also have a 24% interest in GE-Hitachi Global Laser Enrichment LLC (GLE) in North Carolina, with General Electric (51%) and Hitachi Ltd. (25%). GLE is testing a third-generation technology that, if successful, will use lasers to commercially enrich uranium.

Electricity

We generate clean electricity through our 31.6% interest in the Bruce Power Limited Partnership (BPLP), which operates four nuclear reactors and manages the overall site in southern Ontario.

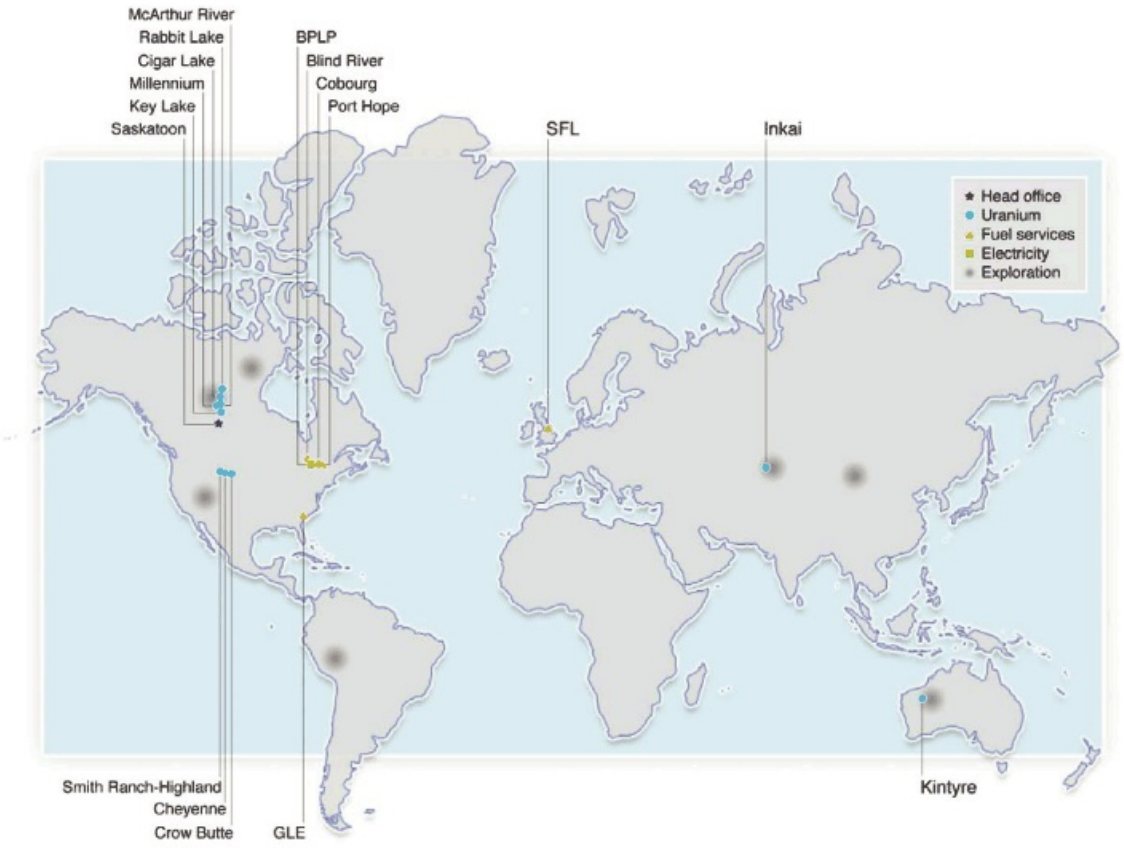
Capacity

- 3,260 megawatts (MW) (100% basis) (about 15% of Ontario's electricity)

We also have agreements to manage the procurement of fuel and fuel services for BPLP, including:

- uranium concentrates
- conversion services
- fuel fabrication services

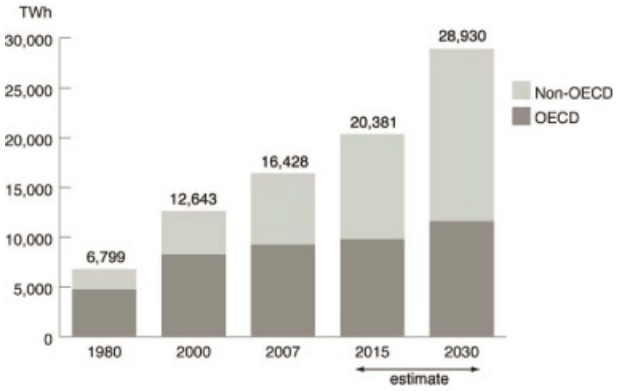
Global presence



About the nuclear energy industry

According to the World Energy Outlook for 2009 (OECD/International Energy Agency), population growth and industrial development will lead to a near doubling of electricity consumption by 2030. Most of this energy will be used by developing (non-OECD) countries as their populations increase and gross domestic products grow.

World net electricity consumption
1980-2030



Source: OECD / International Energy Agency

Nuclear power is a clean source of electricity, and generation capacity is growing

As the demand for energy increases, governments, media and consumers are becoming increasingly aware of the dangers and effects of air pollution and climate change, and the importance of low-emission sources of electricity.

Nuclear power can generate electricity with no toxic air pollutants and very low carbon dioxide (CO_2) or other greenhouse gas emissions. It has the capacity to produce enough electricity on a global scale to meet our growing needs, and while it isn't the only solution, it is an affordable and sustainable source of clean, renewable energy. In a carbon-constrained world, nuclear energy will be an even more important part of the future energy mix.

There are 436 commercial nuclear power reactors operating in 30 countries. Sixteen of these countries use nuclear energy for most of their electricity. Countries around the world are increasing their capacity to generate nuclear power by refurbishing or upgrading nuclear reactors and building new ones.

China is expected to lead the world in the construction of nuclear power plants as electricity demand continues its rapid growth. India is also moving forward with ambitious growth plans to diversify its sources of energy and obtain a secure source of electricity:

- China is currently operating 11 reactors, building 20 and planning more. We expect it to have a net increase of 42 reactors by 2019.
- India is currently operating 18 reactors and has several under construction. We expect it to have a net increase of 13 reactors by 2019.

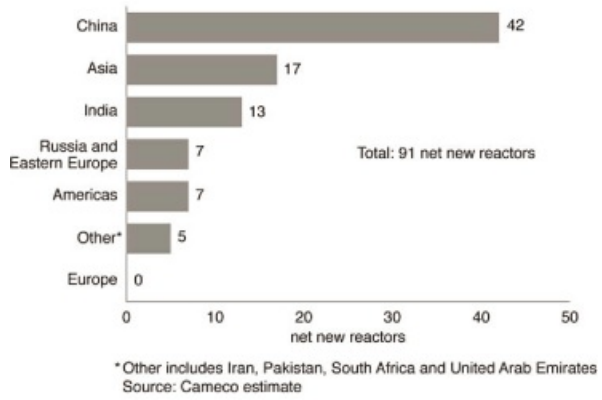
The US government announced in January 2010 that the success of a leading global economy is tied to a clean energy economy, and that building a new generation of safe, clean nuclear power plants is an integral component. It is considering tripling its initial commitment of $18.5 billion (US) in loan guarantees to $54 billion (US), and is providing other incentives to revitalize its nuclear

industry after three decades of stagnation. It also plans to pass a comprehensive energy and climate bill with incentives to make clean energy profitable. However, it may be a few more years before significant orders for new nuclear power plants are placed.

In the UK, government commitment to the future of nuclear energy is strong as a result of the need to limit CO_2 emissions, and because of concerns about energy security as current reactors approach the end of their operating lives.

Several non-nuclear countries, like Italy, Vietnam and United Arab Emirates, are also laying the groundwork to proceed with nuclear power development.

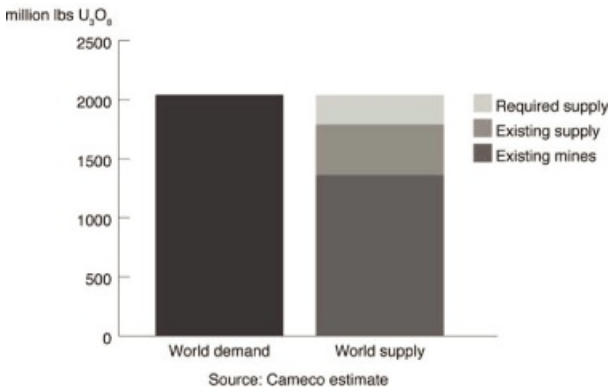
New build outlook 2010-2019



Demand for uranium is growing

We forecast that the world will consume just over 2 billion pounds of U3O8 over the next 10 years.

World U_3O_8 supply and demand 2010-2019



During this period, we expect about 67% of uranium supply to come from existing *primary production sources* — production from mines that are currently in commercial operation.

We expect about 21% to come from existing *secondary supply sources*. Most of these sources are finite and will not meet long-term needs. One of the largest current sources of secondary supply is uranium derived from Russian highly enriched uranium (HEU). All deliveries from this source are expected to be made by 2013, when the Russian HEU commercial agreement expires. The US government also makes some of its inventories available to the market, although in much smaller quantities.

We expect that the remaining 12% will come from *new sources of primary production*.

In 2009, seven producers of uranium concentrates marketed 83% of world production and there were only three commercial providers of UF_6 conversion services in the western world. Barriers to entry for new competitors are high, and the lead time for uranium production can be as long as 10 years or more, depending on the deposit type and location.

Given our extensive base of reserves and resources, diversified sources of supply, global exploration program and vertical integration, we are well positioned to capitalize on the growing interest in nuclear energy.

Despite this growth, challenges remain

Many countries face major obstacles to new nuclear plants, including significant upfront capital costs, political opposition and uncertain regulatory environments. In some locations, nuclear energy may not be competitive with other sources of electricity. A country's first new-generation nuclear plants will face significant business risks, including first-time costs, financing, licensing, schedule and construction costs.

While several countries are making progress on the management of used fuel and other radioactive waste from the nuclear fuel cycle, it is still a controversial issue. Many environmental groups continue to oppose the nuclear power industry. There are nuclear plant phase-out programs in a number of European countries, however Belgium and Spain are reconsidering. And nuclear power still does not qualify internationally for greenhouse gas emission credits, even though it has been recognized as a non-emitting technology in US energy legislation.

The long-term outlook is positive

Over the long term, we expect that the benefits of nuclear energy will prevail over the challenges, and market fundamentals for uranium and fuel services will remain positive as:

- we expect demand to continue to exceed worldwide production
- secondary supplies are finite
- primary production needs to increase to meet future reactor requirements

Over the next 10 years, we anticipate demand for uranium and conversion services to increase moderately, with potential for more rapid growth toward the end of the period, as the construction of nuclear plants accelerates.

The industry in 2009

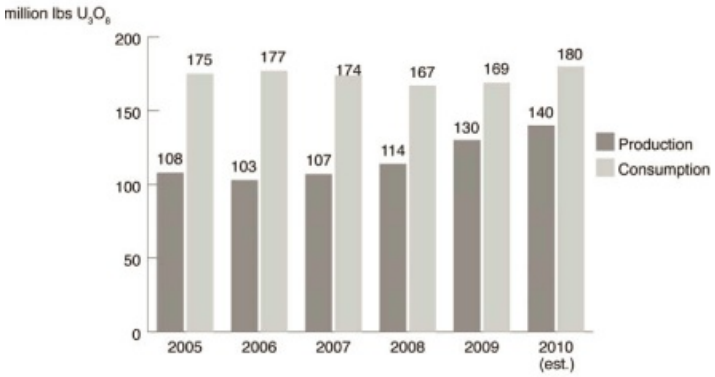
World consumption and production

Consumption in 2009 was 7% lower than our forecast due to the delayed startup of three reactors. Capacity factors were also lower, mainly due to the lower demand for electricity resulting from the global economic crisis.

We expect consumption to increase to about 180 million pounds in 2010, and production to be between 140 million and 145 million pounds. Secondary supplies should continue to bridge the gap. By 2019, we expect world uranium consumption to be 233 million pounds per year, an average annual growth rate of about 3%.

We expect world demand for UF_6 and natural UO_2 conversion services to increase by about 5% in 2010.

World uranium production and consumption



Source: World Nuclear Association and Cameco estimate

Industry prices

Utilities are well covered under existing contracts and have been building up inventory levels of U_3O_8 since 2004, so we expect uranium demand in the near term to be very discretionary. Spot prices in 2010 are expected to be volatile.

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

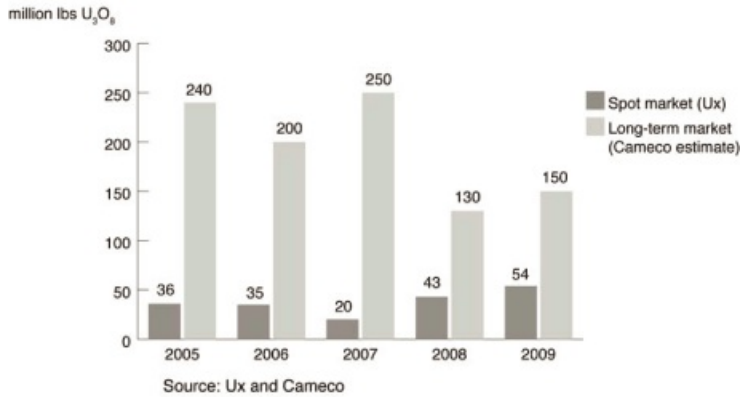
	2009	2008	change
Uranium ($US/lb U_3O_8) [1]			
Average spot market price	46.06	61.58	(25)%
Average long-term price	65.50	82.50	(21)%
Fuel services ($US/kgU UF6) [1]			
Average spot market price			
• North America	7.16	9.03	(21)%
• Europe	8.82	10.28	(14)%
Average long-term price			
• North America	11.91	12.25	(3)%
• Europe	13.20	13.22	—
Note: the industry does not publish UO_2 prices.			
Electricity ($/MWh)			
Average Ontario electricity spot price	30	49	(39)%

Contract volumes

In 2009, spot market sales were at a record high, with utilities responsible for 55% of the purchases. China accounted for more than 20%, or about 12 million pounds. Most of these purchases were opportunistic as utilities and others took advantage of price volatility.

We expect long-term contracting volumes in 2010 to be similar to 2009, depending on supply, market expectations and market prices.

Spot and long-term uranium contract volumes



Our strategy

Our vision is to be a dominant nuclear energy company producing uranium fuel and generating clean electricity. Our goal is to be the supplier, partner, investment and employer of choice in the nuclear industry.

We are a pure-play nuclear investment with a proven track record and the strengths to take advantage of the world's rising demand for clean, safe and reliable energy:

- a large portfolio of low-cost mining operations and geographically diverse uranium assets
- controlling interests in the world's largest high-grade uranium reserves
- multiple sources of conversion and the ability to increase production
- excellent growth potential from existing assets, combined with a global exploration program
- a strong customer base and a worldwide marketing presence
- an extensive portfolio of long-term sales contracts
- innovative technology and experience operating in technically challenging environments
- an enterprise-wide risk management system tied directly to our strategy and objectives
- conservative financial management and the financial strength to support our growth

Over the past four years, we've made significant progress in becoming a more vertically integrated business, adding conversion capacity, buying fuel manufacturing facilities and investing in the development of a third-generation enrichment process.

The focus of our growth strategy is on our uranium segment. We plan to concentrate on increasing production to meet rising demand, while managing our fuel services segment to better service our customers and expand our market share. We plan to use the cash we have available to sustain and increase our production from existing assets. We will consider other uranium production opportunities as they arise.

We have long-term objectives for each of our three business segments:

- *uranium* – double our annual production to 40 million pounds by 2018 from existing assets
- *fuel services* – invest in our fuel services business to support our overall growth in the nuclear business
- *electricity* – maintain steady cash flow while gaining exposure to new opportunities

These are supported by annual objectives, which you'll find starting on page 22.

Uranium: doubling production by 2018

We have a strategy and process in place to double our annual production by 2018, which we expect to come from three sources:

- operating properties
- development projects
- projects under evaluation

Our strategy is flexible enough to respond to both positive and negative developments in the nuclear industry.

Operating properties

Our existing sources of production are McArthur River/Key Lake, Rabbit Lake, Smith Ranch-Highland, Crow Butte and Inkai.

We plan to maintain the base of our current production at these operations, and to expand production where we can by developing new mining zones. We will also be upgrading the mills at Key Lake and Rabbit Lake to support our growing production.

Inkai blocks 1 and 2, in Kazakhstan, have the potential to significantly increase production. Based on current reserves, we expect Rabbit Lake to produce until 2015, although work is ongoing to extend its mine life even further.

Development projects

Cigar Lake is our main project in development. It is a superior, world-class deposit that we expect to generate 9 million pounds of uranium per year for Cameco (18 million pounds per year in total) after we finish remediation and construction, and ramp up to full production. Based on current information, we are targeting initial production in mid-2013.

Projects under evaluation

We are evaluating several potential sources of production, including expanding McArthur River, increasing production at Inkai blocks 1 and 2, and advancing Inkai block 3, Kintyre and Millennium.

- The McArthur River expansion is an extension of our existing mining area, which is part of the most prolific high-grade uranium system in the world.
- Under the terms of a memorandum of understanding with our Inkai partner, National Atomic Company Kazatomprom Joint Stock Company (Kazatomprom), we are in discussions to increase our share of annual production from blocks 1 and 2 to 5.7 million pounds.
- Inkai block 3, in Kazakhstan, has the potential to become a significant source of production.
- Our acquisition in 2008 of a 70% interest in Kintyre, in Australia, adds potential for low-cost production and diversifies our production by geography and deposit type.
- Millennium is a uranium deposit in northern Saskatchewan that we expect will take advantage of the mill at Key Lake.

Our strategy is to advance these projects by investing in environmental studies, reserve delineation and feasibility studies to build a pipeline of projects ready for a production decision.

Growth beyond 2018

Our active global exploration program, combined with our disciplined acquisition strategy, will add to our pipeline of future production sources, replacing our reserves and resources and helping to ensure our growth beyond 2018.

Exploration

We have maintained an active exploration program throughout the uranium price cycle, which has helped us secure land with exploration and development prospects that are among the best in the

world. We now have direct interests in almost 70 active exploration projects in six countries, over 100 experienced professionals who are searching for the next generation of deposits, and ownership interests in approximately 4.2 million hectares (10.4 million acres) of land mainly in Canada, Australia, Kazakhstan, the US, Mongolia and Peru. Many of these projects are advanced through joint ventures with both junior and major uranium companies.

We also partner, through strategic alliances and equity holdings, with smaller companies holding properties that meet our investment criteria. Our leadership position and industry expertise in exploration make us a partner of choice. In return for our investment, we usually have the right to own a majority stake in a successful discovery.

Acquisition

We have a dedicated team looking for opportunities to acquire companies that are already producing or are nearing that stage. We will invest when an opportunity is available at the right time and the right price. Our acquisition strategy complements our exploration strategy, and together they are building a development pipeline of prospective uranium projects.

This discussion of our strategy, our process to double our annual uranium production by 2018, and our growth beyond that date is forward-looking information. It is based on the assumptions and subject to the material risks discussed on page 3, and specifically on the assumptions and risks listed here.

Assumptions

Our statements about doubling annual production by 2018 reflect our current production target for 2018. Although we are confident in our efforts to reach that target, we cannot guarantee that we will. We have made assumptions about 2018 production levels at each of our existing operating mines, except those that we do not expect will still be operating then. We have also made assumptions about the development of mines that are not operating yet and their 2018 production levels. We believe these assumptions are reasonable, individually and together, but if an assumption about one or more mines proves to be incorrect, we will not reach our 2018 target production level unless the shortfall can be made up by additional production at another mine.

Material risks that could prevent us from reaching our target

- we may not be able to locate additional reserves and identify appropriate methods of mining to maintain production levels at McArthur River
- we may not be able to increase production to the expected level at Inkai if we can’t add reserves at block 3, the feasibility study isn’t favourable or we can’t secure regulatory approval
- if our partner or the Kazakh government does not support an increase in production to the expected level at Inkai, remediation and development at Cigar Lake is not completed on schedule, or we don’t reach full production levels as quickly as we expect
- development of Kintyre is delayed due to political, regulatory or aboriginal issues
- we cannot obtain a favourable feasibility study for the Kintyre or Millennium project, or we cannot reach agreement with our project partners to move ahead with production
- the Key Lake mill does not have enough capacity to handle anticipated production increases, and we aren’t able to expand its capacity or to identify alternative milling arrangements
- the projects under consideration do not proceed or, if they do, are not completed on schedule or don’t reach full production levels as quickly as we expect
- uranium prices and development and operating costs make it uneconomical to develop projects under consideration
- disruption in production or development due to natural phenomena, labour disputes, political risks or other development and operation risks

Fuel services: capturing synergies

We made a strategic decision to invest in infrastructure in our fuel services business, and now have a world-class facility. We are one of only three commercial suppliers of UF_6 in the western world.

Our fuel services segment helps support the growth of the uranium segment by allowing us to offer a range of products and services to customers. This helps us broaden our business relationships and expand our uranium market share.

We're focused on capturing synergies where we can, servicing our customers more effectively, improving cost-competitiveness and operational efficiency, and expanding into innovative areas like laser enrichment technology to broaden our services.

Electricity: capturing added value

Our investment in the Bruce Power Limited Partnership is an excellent source of cash flow and a logical fit with our other businesses. Our focus is on maintaining steady cash flow, building synergies with our other segments, looking at options to extend the operating life of the four Bruce B units, and gaining exposure to new generation opportunities.

Building on our strengths

World-class assets

We have a large portfolio of low-cost mining operations and geographically diverse uranium assets, and controlling interests in the world's largest high-grade uranium reserves.

Strong customer relationships

We have large, reliable customers that need uranium regardless of world economic conditions, and we expect the uranium contract portfolio we've built to provide a solid revenue stream for years to come.

Uranium price leverage

Our plans to increase our production of uranium, combined with our contracting strategy, are designed to give us increasing leverage when uranium prices go up, and to protect us when prices decline.

Financial strength

Uncertainty in the global financial markets has prevented many companies from ready access to capital markets. We are in a strong financial position to proceed with our growth plans.

Disciplined portfolio management

We have a disciplined portfolio management process that incorporates all capital projects into a single capital plan. This ensures our capital projects are aligned with our strategic objectives, and that business benefits are measurable and attainable.

Focused risk management

We have a formal enterprise-wide risk management process that we apply consistently and systematically across our organization. Risk management is a core element of our strategy and our objectives, and we use it to continuously improve our organization. It will underpin decisions we make as we move ahead with our growth strategy.

Innovation

We are always looking for ways to improve processes, to increase safety and environmental performance, and reduce costs. We are currently working on projects in all aspects of operations, including upgrading the Key Lake and Rabbit Lake mills.

Reputation

We believe strongly in our values and apply them consistently in our operations and business dealings. We are recognized as a reliable supplier and business partner, strong community supporter, international problem solver and employer of choice.

Managing our growth

Our ability to grow is a function of our people, processes, assets and reputation, and the ability to enhance and leverage these strengths to add value.

We use four categories to define what we are committed to deliver, and how we will measure our results:

- outstanding financial performance
- a safe, healthy and rewarding workplace
- a clean environment
- supportive communities

We introduced these 'measures of success' in 2002, to proactively address the financial, social and environmental aspects of our business. We believe that each is integral to the company's overall success and that, together, they will ensure our long-term sustainability.

Outstanding financial performance

Our financial results depend heavily on the prices we realize in our uranium and fuel services segments, on the cost of supply, and on sales and production volumes.

Managing contracts

We sell uranium and fuel services directly to nuclear utilities around the world, as uranium concentrates, UO2, UF6, conversion services or fuel fabrication.

Uranium is not traded in meaningful quantities on a commodity exchange. Utilities buy the majority of their uranium and fuel services products under long-term contracts with suppliers, and meet the rest of their needs on the spot market.

Our extensive portfolio of long-term sales contracts — and the long-term, trusting relationships we have with our customers — are core strengths for Cameco.

Because we sell large volumes of uranium every year, our net earnings and operating cash flows are affected by changes in the uranium price. Our contracting strategy is to secure a solid base of earnings and cash flow by maintaining a balanced contract portfolio that maximizes our realized price. Market prices are influenced by the fundamentals of supply and demand, geopolitical events, disruptions in planned supply and other market factors. Contract terms usually reflect market conditions at the time the contract is accepted, with delivery beginning several years in the future.

Our current *uranium* contracting strategy is to sign contracts with terms of 10 years or more that include mechanisms to protect us when market prices decline, and allow us to benefit when market prices go up. Our portfolio includes a mix of fixed-price and market-related contracts, which we generally target at a 40:60 ratio. Fixed-price contracts are typically based on the industry long-term price indicator at the time the contract is accepted, adjusted for inflation to the time of delivery. Market-related contracts may be based on either the spot price or the long-term price at the time of delivery, often include floor prices adjusted for inflation and, recently, some have begun to include ceiling prices in excess of $100 (US) per pound.

This is a balanced approach that reduces the volatility of our future earnings and cash flow, and that we believe delivers the best value to shareholders over the long term. It is also consistent with the contracting strategy of our customers. This strategy has allowed us to add increasingly favourable contracts to our portfolio that will enable us to benefit from higher market prices in the future.

Our contracts generally include a supply interruption clause that gives us the right to reduce, on a *prorata* basis, defer or cancel deliveries if there is a shortfall in planned production or in deliveries under the Russian HEU commercial agreement.

We are heavily committed under long-term uranium contracts until 2016, so we are becoming increasingly selective when considering new commitments.

The majority of our *fuel services* contracts are at a fixed price per kgU, adjusted for inflation, and reflect the market at the time the contract is accepted.

Managing our supply

We sell more uranium than we produce every year. We meet our delivery commitments using uranium we obtain:

- from our own production
- by purchasing uranium under long-term purchase agreements – mostly under the Russian HEU commercial agreement
- from our existing inventory – we target inventories of about six months of forward sales of uranium concentrates and UF 6

We participate in the uranium spot market from time to time, including making spot purchases to take advantage of opportunities to place the material into higher priced contracts. In addition to being a source of profit, this activity can provide insight into the underlying market fundamentals and supports our sales activities.

Managing our costs

Like all mining companies, our uranium segment is affected by the rising price of inputs like labour and fuel. In 2009, labour, production supplies and contracted services made up 88% of the production costs at our uranium mines. Labour (34%) was the largest component. Production supplies (28%) included fuels, reagents and other items. Contracted services (26%) included mining and maintenance contractors, air charters, security and ground freight.

Operating costs in our fuel services segment are mainly fixed. In 2009, labour accounted for about 57% of the total. The largest variable operating cost is for anhydrous hydrogen fluoride, followed by energy (natural gas and electricity).

Our costs are also affected by the mix of products we produce and those we buy. We have long-term contracts to buy uranium and conversion services at fixed prices that are lower than the current published spot and long-term prices. As noted above, we also buy on the spot market, which, while profitable, can be at prices that are much higher than our other sources of supply.

To help us operate efficiently and cost-effectively as we grow, we manage operating costs and improve plant reliability by prudently investing in production infrastructure, new technology and business process improvements.

A safe, healthy and rewarding workplace

We strive to foster a safe, healthy and rewarding workplace at all of our facilities, and measure our progress against key indicators, such as employee sentiment toward the company, conventional and radiation safety statistics and employment creation.

To achieve our growth objectives, we need to build an engaged, qualified and diverse organization capable of leading and implementing our strategies. Our challenge is to retain our current workforce and compete for the limited number of people available, both to replace retiring employees and to support our growth. Our long-term people strategy includes identifying critical segments and planning our workforce to meet this challenge.

Our approach seems to be working: we were included in the *Financial Post's 10 Best Companies to Work For* in Canada for 2010, for our employee policies, programs and role in the community, and in November 2009, Mediacorp named us one of *Canada's Top 100 Employers*.

A clean environment

We are committed to integrating environmental leadership into everything we do. In 2005, we launched a formal environmental leadership initiative, and set objectives and performance indicators to measure our progress in protecting the air, water and land near our operations, and in reducing the amount of waste we generate and energy we use.

We have developed new water treatment technologies that have improved the quality of the water released from our Saskatchewan uranium milling operations, and are working on many other projects to reduce waste, improve the reclamation process and manage waste rock more effectively.

We have also completed an energy assessment at each of our North American operations, and developed management plans for reducing our energy intensity and greenhouse gas emissions.

Supportive communities

To maintain public support for our operations (our social licence to operate) and our global reputation, we need the respect and support of communities, indigenous people, governments and regulators affected by our operations.

We build and sustain the trust of local communities by being a leader in corporate social responsibility (CSR). Through our CSR initiatives, we educate, engage, employ and invest in the people in the regions where we operate. For example, in northern Saskatchewan in 2009:

- 50% of the employees at our mines were local residents
- 71% of services to our northern minesites — approximately $220 million — went to northern businesses
- we engaged in project discussions with communities near Cigar Lake, Millennium and Key Lake, visited 11 communities throughout the north, and met with communities where we're exploring to give them information and garner grassroots support early in the process
- we donated over $1 million to northern and aboriginal initiatives for youth, education, culture and recreation

Our operations are closely regulated to give the public comfort that we are operating in a safe and environmentally responsible way. Regulators approve the construction, startup, continued operation and any significant changes to our operations. Our operations are also subject to laws and regulations related to safety and the environment, including the management of hazardous wastes and materials.

Our objectives are consistent with those of our regulators – to keep people safe and to protect the environment. We pursue these goals through open and co-operative relationships with all of our regulators. We work to earn their trust and that of other stakeholders by continually striving to protect people and the environment.

Measuring our results

We set corporate, business unit and departmental objectives every year under our four measures of success, and these become the foundation for a portion of annual employee compensation.

2009 objectives	Results	2010 objectives
		This is forward-looking information. See page 2 for more information.
Outstanding financial performance		
Produce 20.1 million pounds of U_3O_8 and 8 to 12 million kgU from fuel services.	**Exceeded** • Our share of U_3O_8 production was 20.8 million pounds, or 103% of plan. • We produced 12.3 million kgU at fuel services.	**Production** • Produce 21.5 million pounds of U_3O_8 and between 14 million and 16 million kgU from fuel services. **Financial measures** *Corporate performance* • Achieve budgeted net earnings and cash flow from operations (before working capital changes). *Costs* • Strive for unit costs below budget.
Achieve combined unit-operating costs within budget.	**Exceeded** • Unit costs were 10% below budget.	

2009 objectives	Results	2010 objectives
Pursue future additional tailings capacity at Rabbit Lake and Key Lake by submitting to regulators a project description, completing prefeasibility study work, conducting environmental baseline studies and community consultations, and initiating the environmental assessment process.	**Partially achieved** Key Lake: • Completed all planned activities except the project description for the environmental assessment, which was filed later than planned. Rabbit Lake • Completed some early work, including the initial draft prefeasibility study and preliminary community consultations, but decided to refocus resources on Key Lake.	**Growth** *Cigar Lake* • Access and secure underground workings and continue with remediation work on schedule. Reinitiate Shaft 2 development • Update the technical report. *Inkai* • Advance Inkai block 3 delineation and begin a feasibility study. • Initiate a feasibility study to increase production at Inkai blocks 1 and 2, and secure necessary regulatory approvals.
Advance Cigar Lake mine remediation, including sealing of the August 2008 water inflow area.	**Achieved** • Dewatering resumed in the fourth quarter and is complete.	*Kintyre* • Advance project evaluation to allow a production decision as soon as possible.
Advance development of Kintyre by initiating environmental baseline work and conducting confirmatory drilling.	**Achieved** • Drilling began in late September. • Work on the environmental study began in October.	*Exploration and innovation* • Replace mineral reserves and resources at the rate of annual U_3O_8 production based on a three-year rolling average. • Continue to advance expansion of McArthur River and the Millennium project to provide future sources of production. • Support production growth and improved operating efficiencies through targeted research, development and technological innovation.
Achieve an average mineral reserve and resource replacement rate through brownfield or greenfield exploration programs, joint ventures and acquisitions that is, over the last three years, at least equal to total annual U_3O_8 production from all facilities. Identify, develop and evaluate opportunities for economic growth in uranium supply within the three- to eight-year time frame.	**Exceeded** Our additions to reserves and resources exceeded production by an average of 15 million pounds per year in each of the last three years (2007 to 2009). **Achieved** • We identified and evaluated several opportunities. • We acquired 10.6% of UFP Investments, LLC, which is developing uranium-from-phosphate technology.	**Management** • Continue integrating portfolio management into our management, planning and budgeting processes. • Deliver planned capital projects within 10% of budget.

2009 objectives	Results	2010 objectives
Safe, healthy and rewarding workplace		
Strive for no lost-time injuries at all Cameco-operated sites and at a minimum, maintain a long-term downward trend in the combined (employee and contractor) injury frequency and severity, and radiation doses.	**Exceeded** • Overall, strong safety performance demonstrated in 2009. • Lost-time incident frequency for employees and contractors was 0.4 per 200,000 hours worked compared to a target of 0.8 – the best performance in Cameco's history. Medical aid frequency and severity were also better than target.	• Strive for no lost-time injuries at all Cameco-operated sites and, at a minimum, maintain a long-term downward trend in combined employee and contractor injury frequency and severity, and radiation doses. • Develop a formal implementation plan for the risk standard and begin implementation.
Implement Cameco's systematic approach to training by the end of 2009.	**Achieved** • All operations met or exceeded their 2009 implementation milestones.	
Clean environment		
Strive to achieve zero reportable environmental incidents in all jurisdictions where we operate. Reduce the frequency of environmental incidents and incur no significant incidents at all Cameco-operated sites.	**Partially achieved** • There were 27 environmental incidents, which is a small improvement over 2008 (29 incidents), but is above our long-term average of 22. There were no significant environmental incidents.	• Strive for zero reportable environmental incidents, reduce the frequency of incidents and have no significant incidents at Cameco-operated sites. • Improve year-over-year performance in corporate environmental leadership indicators.
With the goal of reducing energy consumption at all Cameco business locations, develop and begin to implement energy management action plans at all Canadian mining and milling operations, and complete energy assessments at all remaining North American operations.	**Achieved** • We completed energy assessments and developed energy management plans for all but one of our operations. • We completed a study on renewable energy opportunities at McArthur River/Key Lake, led by the Pembina Institute. • We implemented almost all of the energy reduction actions at our operations in northern Saskatchewan.	

2009 objectives	Results	2010 objectives
Supportive communities		
Build awareness and support for Cameco in the communities impacted by our company through community investment, business development and public relations, and improve levels of support in these jurisdictions.	**Achieved** • We received positive feedback from our annual polls in Port Hope and Saskatchewan. • We were named one of Canada's Top 100 employers, and one of the top 10 companies to work for in Canada.	• Build awareness and support for Cameco through community investment, business development programs and public relations. • Advance our projects by securing support from indigenous communities affected by our operations.
Finalize and begin implementation of an enhanced northern Saskatchewan strategy focused on workforce development, business development, community relations, and government and regulatory affairs.	**Achieved** • We completed the *Northern Saskatchewan Strategy Review* in June and, by the end of the year, had made significant headway in all four categories. • We visited every impact community in the north, invested over $1 million in community programs, developed our relationships with local suppliers and met our target for local employees.	

Financial results

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

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2009 consolidated financial results

In 2009, we sold all of our shares of Centerra Gold Inc. (Centerra), the gold segment of our business.

Under Canadian GAAP, we are required to report the results of discontinued operations separately from continuing operations. We have included our operating earnings from Centerra, and the financial impact of our disposition of Centerra shares, in discontinued operations.

We recast our consolidated financial results for 2008 and 2007 for comparison purposes to show the impact of Centerra as a discontinued operation. The change affected a number of financial measures, including revenue, gross profit, administration costs and income tax expense. See note 25 to the financial statements for more information.

Highlights

December 31 ($ millions except per share amounts)	2009	2008	2007	change from 2008 to 2009
Revenue	**2,315**	2,183	1,905	6%
Gross profit	**750**	829	765	(10)%
Net earnings	**1,099**	450	416	144%
— $ per common share (basic)	**2.83**	1.29	1.18	119%
— $ per common share (diluted)	**2.82**	1.28	1.13	120%
Adjusted net earnings (non-GAAP, see page 29)	**582**	589	572	(1)%
— $ per common share (adjusted and diluted)	**1.49**	1.67	1.54	(11)%
Cash provided by operations (from continuing operations)	**690**	530	756	30%

Revenue 6% higher

($ millions)	
Revenue - 2008	**2,183**
Changes:	
Uranium business – higher realized prices	39
Fuel services business – higher realized prices	25
Electricity business – higher realized prices	73
Other	(5)
Revenue - 2009	**2,315**

See *2009 financial results by segment* for more information.

Three-year trend

Revenue has risen by 22% over the past three years, to a record $2.3 billion in 2009, mainly due to higher realized selling prices for uranium. Our average realized price for uranium was $45.12/lb in 2009, compared to $41.68/lb in 2007. Electricity revenue in 2009 was $100 million higher than 2007 as a result of higher realized prices, which increased from $52/MWh to $64/MWh.

Average realized prices

		2009	2008	2007	change from 2008 to 2009
Uranium	$US/lb	**38.25**	39.52	37.47	(3)%
	$Cdn/lb	**45.12**	43.91	41.68	3%
Fuel services	$Cdn/kgU	**17.84**	15.85	14.04	13%
Electricity	$Cdn/MWh	**64**	57	52	12%

Outlook for 2010

We expect consolidated revenue to be 5% to 10% lower in 2010 as:

- We expect lower trading volumes in uranium, so uranium sales volumes are likely to decline by 5% to 10%.
- We expect realized prices for electricity to be lower, so revenue from our electricity business is likely to decline.

Our customers have the discretion to choose when in the year to receive deliveries of our uranium and fuel services products, so our quarterly delivery patterns, and therefore our sales volumes and revenue, can vary significantly. For 2010, the trend in delivery patterns is expected to be similar to 2009 with deliveries being more heavily weighted to the second and fourth quarters.

Gross profit down 10%

We calculate gross profit by deducting the cost of products and services sold, and depreciation, depletion and reclamation (DDR), from revenue.

($ millions)	
Gross profit – 2008	**$829**
Changes:	
Uranium business – higher costs for purchased uranium; higher royalties	(177)
Fuel services business – higher realized prices; higher production	42
Electricity business – higher realized prices	65
Other	(9)
Gross profit – 2009	**$750**

See *2009 financial results by segment* for more detailed discussion.

Three-year trend

After increasing in 2008 due primarily to higher realized prices in the uranium and fuel services businesses, our gross profit declined in 2009 mainly due to an increase in the cost of product sold for uranium. This increase was largely related to more purchases at near-market prices, which pushed our average cost of uranium higher. These purchases were made to take advantage of trading opportunities in current and future years and, while profitable, are at margins much lower than our average.

Net earnings up 144%

Our net earnings were $649 million higher than last year primarily as a result of:

- selling our interest in Centerra and recording an after tax gain of $374 million
- recording an after-tax profit of $179 million relating to mark-to-market gains on financial instruments, compared to a loss of $148 million in 2008

Three-year trend

Our net earnings normally trend with revenue, but in recent years have been significantly influenced by unusual items.

In 2007, we recorded charges of $153 million after tax for the restructuring of Centerra, $65 million after tax for a cash settlement feature for the stock option plan, and a $25 million recovery of future income taxes due to changes in tax legislation.

In 2008, we stopped applying hedge accounting to our portfolio of foreign exchange contracts and, due to the decline in the Canadian dollar relative to the US dollar, recorded $148 million in unrealized mark-to-market losses. We also recorded $30 million in charges to reduce the carrying value of certain investments.

Adjusted net earnings down 1%
(non-GAAP, see below)

($ millions)	
Adjusted net earnings – 2008	**$589**
Changes:	
Uranium business – higher costs for purchased uranium; higher royalties	(177)
Fuel services business – higher realized prices; higher production	42
Electricity business – higher realized prices	65
Gold business – lower output and higher costs	(12)
Realized gains on financial instruments	63
Income tax expense	32
All other	(20)
Adjusted net earnings - 2009	**$582**

Three-year trend

Our adjusted net earnings have been relatively stable over the past three years.

The 3% increase in 2008 was largely the result of stronger results in gold.

The 1% decrease in 2009 resulted from:

- lower profits in our uranium business, which were impacted by higher unit costs
- lower profits in gold resulting from lower sales volumes
- higher profits from our electricity business, relating to a higher realized selling price, which partially offset our uranium and gold results

A note about non-GAAP measures

We use adjusted net earnings, a non-GAAP measure, as a more meaningful way to compare our financial performance from period to period. Adjusted net earnings is our GAAP-based net earnings adjusted for one-time costs, writedowns, gains and unrealized mark-to-market losses on our financial instruments, which we believe do not reflect underlying performance.

Adjusted net earnings is non-standard supplemental information, and not a substitute for financial information prepared according to GAAP. Other companies may calculate this measure differently. The table below reconciles adjusted net earnings with our net earnings.

($ millions)	2009	2008
Net earnings (GAAP measure)	**$1,099**	$450
Adjustments (after tax)		
Restructuring the gold business	46	(20)
Gain on sale of Centerra	(374)	—
Unrealized losses (gains) on financial instruments	(189)	166
Stock option expense (recovery)	—	(33)
Investment writedowns	—	26
Adjusted net earnings[1] (non-GAAP measure)	**$582**	$589

[1] Adjusted net earnings includes our share of Centerra's operating earnings for the periods presented.

Discontinued operations

On December 30, 2009, we disposed of our entire interest in Centerra in two steps:

- We sold 88,618,472 common shares of Centerra through a public offering, at a price of $10.25 per share, for net proceeds of approximately $871 million.
- We transferred another 25,300,000 common shares of Centerra to Kyrgyzaltyn JSC (Kyrgyzaltyn), under our April 24, 2009 agreement with them and the Government of the Kyrgyz Republic.

The table below includes our share of Centerra's operating results, the net gain on the disposition and the restructuring charges related to the agreement with Kyrgyzaltyn. See note 25 to the financial statements for more information.

($ millions)	2009	2008	change
Results from operations	54	64	(10)
Agreement with Kyrgyzaltyn	(46)	20	(66)
Gain on disposal of interest	374	—	374
Earnings from discontinued operations	**382**	**84**	**298**

Corporate expenses

Administration

($ millions)	2009	2008	change
Direct administration	122	147	(17)%
Stock-based compensation	14	(61)	123%
Total administration	136	86	58%

Direct administration costs in 2009 were lower than 2008 as we curtailed certain activities in response to the global financial crisis, and spent less on enhancing system technology and recruitment. The rate of growth in the workforce has slowed since the third quarter of 2008.

We recorded $14 million in stock-based compensation expenses this year under our stock option, deferred share unit, performance share unit and phantom stock option plans, compared to a recovery of $61 million in 2008. See note 22 to the financial statements.

Outlook for 2010

We expect administration costs (not including stock-based compensation) to be about 25% to 30% higher than they were in 2009 due to planned higher spending in support of our growth strategy.

Exploration

In 2009, uranium exploration expenses were $49 million compared to $53 million in 2008. The decline in 2009 reflects $6 million in recoveries under investment tax credit programs. Our exploration efforts in 2009 focused on Canada, the United States, Mongolia, Kazakhstan, Australia and South America.

Outlook for 2010

We expect exploration expenses to be about 80% to 90% higher than they were in 2009 due to evaluation activities at Kintyre and Inkai block 3. Our policy is to expense costs for properties that do not have established reserves or operating history. See *Our operations – Uranium exploration* for more information.

Interest and other charges

Interest and other charges were $106 million lower than last year mainly as a result of recording $21 million in foreign exchange gains compared to losses of $83 million in 2008. Gross interest charges this year were $13 million lower than last year attributable to our lower average debt level. See note 11 to the financial statements.

Gains and losses on derivatives

In 2009, we recorded $244 million in mark-to-market gains on our financial instruments compared to losses of $203 million in 2008. Unrealized gains on financial instruments were much higher in 2009 than 2008 due to the significant increase in the value of the Canadian dollar against the US dollar. We voluntarily removed the hedging designation on our foreign currency forward sales contracts effective August 1, 2008, and have since recognized unrealized mark-to-market gains and losses in earnings. See note 27 to the financial statements.

Income taxes

We recorded an income tax expense of $53 million in 2009 compared to a recovery of $24 million in 2008. This was mainly due to a $425 million increase in pretax earnings in 2009, which was largely attributable to the recognition of $244 million in gains on derivatives, compared to $203 million in losses in 2008.

On an adjusted net earnings basis, our effective tax rate in 2009 was 3%, or 4% lower than 2008 as:

- A higher proportion of taxable income was earned in jurisdictions with favourable tax rates.
- Certain future tax liabilities recognized in prior years were reduced.
- The statutory income tax rate in Canada was reduced, allowing us to reduce our provision for future income taxes.

On an adjusted net earnings basis, our tax expense was $18 million in 2009, compared to $50 million in 2008.

Since 2008, Canada Revenue Agency (CRA) has disputed the transfer pricing methodology we used for certain uranium sale and purchase agreements and issued notices of reassessment for our 2003 and 2004 tax returns. We believe it is likely that CRA will reassess our tax returns for 2005 through 2009 on a similar basis. Our view is that CRA is incorrect, and we are contesting its position. In July 2009, we filed a Notice of Appeal relating to the 2003 reassessment with the Tax Court of Canada. However, to reflect the uncertainties of CRA's appeals process and litigation, we increased our reserve for uncertain tax positions by $9 million in 2009. We believe that the ultimate resolution of this matter will not be material to our financial position, results of operations

or liquidity over the period. However, an unfavourable outcome for the years 2003 to 2009 could be material to our financial position, results of operations or cash flows in the year(s) of resolution. See note 18 to the financial statements.

Outlook for 2010

We expect our effective tax rate for 2010 to be less than 5%.

Foreign exchange

The exchange rate between the Canadian dollar and US dollar affects the financial results of our uranium and fuel services segments.

Sales of uranium and fuel services are routinely denominated in US dollars while production costs are largely denominated in Canadian dollars. We use planned hedging to try to protect net inflows (total uranium and fuel services sales less US dollar cash expenses and product purchases) from the uranium and fuel services segments against declines in the US dollar in the shorter term. Our strategy is to hedge net inflows over a rolling 60-month period. Our target for the first 12 months is to hedge 35% to 100% of net inflows. The target range declines every year until it reaches 0% to 10% of our net inflows (from 48 and 60 months).

We also have a natural hedge against US currency fluctuations as a portion of our annual cash outlays, including purchases of uranium and fuel services, is denominated in US dollars. The earnings impact of this natural hedge is more difficult to identify because inventory includes material added over more than one fiscal period.

At December 31, 2009:

- The value of the US dollar relative to the Canadian dollar was $1.00 (US) for $1.05 (Cdn), down from $1.00 (US) for $1.22 (Cdn) at December 31, 2008. The exchange rate averaged $1.00 (US) for $1.14 (Cdn) over the year.
- Our effective exchange rate for the year, after allowing for hedging, was about $1.18, compared to $1.11 in 2008.
- We had foreign currency contracts of $1.5 billion (US) and EUR 34 million at December 31, 2009. The US currency contracts had an average exchange rate of $1.00 (US) for $1.09 (Cdn).
- The mark-to-market gain on all foreign exchange contracts was $67 million compared to a $105 million loss at December 31, 2008.

Timing differences between the maturity dates and designation dates on previously closed hedge contracts can result in deferred gains or charges. At December 31, 2009, we had net deferred gains of $39 million. The table below shows when these will be recognized in earnings.

$ millions (Cdn)	2010	2011
Deferred gains (charges)	34	5

We manage counterparty risk associated with hedging by dealing with highly rated counterparties and limiting our exposure. At December 31, 2009, all counterparties to foreign exchange hedging contracts had a Standard & Poor's credit rating of A or better.

Sensitivity analysis

At December 31, 2009, every one-cent change in the value of the Canadian dollar versus the US dollar would change our 2010 net earnings by about $10 million (Cdn). This sensitivity is based on an exchange rate of $1.00 (US) for $1.05 (Cdn).

Outlook for 2010

Over the next several years, we expect to make significant investments to expand production at existing mines and to advance projects as we pursue our growth strategy. The projects are at various stages of development, from exploration and evaluation to construction.

We expect our existing cash balances and operating cash flows, based on current uranium spot prices, will meet our anticipated requirements over the next several years, without the need for significant additional funding. Our cash balances will gradually decline as we use the funds to pursue our growth plans.

Our outlook for 2010 reflects the growth expenditures necessary to help us achieve our strategy. Please note that we do not include an outlook for the items in the table that are marked with a dash.

See *2009 financial results by segment* for details.

	Consolidated	Uranium	Fuel services	Electricity
Production	—	**21.5 million lbs**	**14 to 16 million kgU**	—
Sales volume	—	**31 to 33 million lbs**	**Increase 15% to 20%**	—
Capacity factor	—	—	—	**About 90%**
Revenue compared to 2009	**Decrease 5% to 10%**	**Decrease 5% to 10%**[1]	**Increase 5% to 10%**	**Decrease 5% to 10%**
Unit cost of product sold (including DDR)	—	**Decrease 5% to 10%**[2]	—	**Increase 10% to 15%**
Direct administration costs compared to 2009[3]	**Increase 25% to 30%**	—	—	—
Exploration costs compared to 2009	—	**Increase 80% to 90%**	—	—
Tax rate	**Less than 5%**	—	—	—
Capital expenditures	**$552 million**[4]	—	—	**$41 million**

1 Based on a uranium spot price of $41.75 (US) per pound (the Ux spot price as of February 22, 2010) and an exchange rate of $1.00 (US) for $1.05 (Cdn).

2 Assumes the unit cost of sale for produced material will decline by 2% to 5% and the unit cost of sale for purchased material will decline by 15% to 20%.

3 Direct administration costs do not include stock-based compensation expenses.

4 Does not include our share of capital expenditures at BPLP.

Liquidity and capital resources

At the end of 2009, we had cash and short-term investments of $1.3 billion in a mix of short-term deposits and treasury bills, while our total debt amounted to $1 billion.

We have large, reliable customers that need uranium regardless of world economic conditions, and we expect the uranium contract portfolio we've built to provide a solid revenue stream for years to come.

Our financial objective is to make sure we have the cash and debt capacity to fund our operating activities, investments, and growth. We have several alternatives to fund future capital needs, including our significant cash position, credit facilities, future operating cash flow and debt or equity financing, and are continually evaluating these options to make sure we have the best mix of capital resources to meet our needs.

Continued uncertainty in the global financial markets has prevented many companies from ready access to capital markets. Our strong financial position enables us to rely on operating cash flows and existing bank credit facilities to provide liquidity. This gives us the flexibility to fund longer term requirements until the balance accumulates to the point where it makes sense to refinance in the capital markets.

Financial condition

	2009	2008
Cash position ($ millions) (cash, cash equivalents, short-term investments)	$1,304	$64
Cash provided by operations ($ millions) (net cash flow generated by our operating activities after changes in working capital)	$690	$530
Cash provided by operations/net debt (net debt is total consolidated debt, less cash and cash equivalents)	n/a	42%
Net debt/total capitalization (total capitalization is total long-term debt and equity)	n/a	26%

Credit ratings

Third-party ratings for our commercial paper and senior debt as of December 31, 2009:

Security	DBRS	S&P
Commercial paper	R-1 (low)	A-1 (low)[1]
Senior unsecured debentures	A (low)	BBB+

1 Canadian National Scale Rating. The Global Scale Rating is A-2.

Liquidity

($ millions)	2009	2008
Cash and cash equivalents at beginning of year	64	28
Cash from operations	690	530
Investment activities		
Additions to property, plant and equipment	(393)	(531)
Dispositions	871	—
Acquisitions	—	(503)
Other investing activities	(36)	(13)
Financing activities		
Change in debt	(231)	629
Issue of shares	442	1
Dividends	(93)	(81)
Exchange rate changes on foreign currency cash balances	(10)	4
Cash and short-term investments at end of year	1,304	64

Cash from operations

Cash from operations was 30% higher than in 2008 as cash margins were higher in the electricity and fuel services businesses, mainly due to higher realized prices. Working capital requirements, primarily an increase in product inventories, used $84 million in cash in 2009. In 2008, working capital consumed $91 million as a result of an increase in trade receivables during the year. See note 19 to the financial statements.

Investing activities

Cash used in investing includes acquisitions and capital spending.

Acquisitions and divestitures

In December 2009, we sold our interest in Centerra for net proceeds of $871 million. We concluded no significant acquisitions in the year. In 2008, we spent $503 million to acquire an interest in Kintyre ($351 million), GLE ($124 million) and GoviEx Uranium Inc. ($28 million). In addition to the cash invested in GLE, we issued a promissory note in the amount of $73 million (US) in support of future development of the business.

Capital spending

We classify capital spending as growth or sustaining. Growth capital is money we invest to generate incremental production, and for business development. Sustaining capital is the money we spend to keep our operations at current production levels.

(Cameco's share in $ millions)	**2010 plan**	**2009 actual**	**2009 plan**
Growth capital			
Cigar Lake	111	42	48
Inkai	4	10	9
Total growth capital	115	52	57
Sustaining capital			
McArthur River/Key Lake	220	115	106
US ISR	53	32	54
Rabbit Lake	56	43	38
Inkai	18	17	18
Fuel services	29	18	23
Other	9	20	21
Total sustaining capital	385	245	260
Capitalized interest	52	37	50
Total uranium & fuel services	**552**	**334**	**367**
Electricity (our 31.6% share of BPLP)	**41**	**39**	**38**

Capital expenditures were 8% below our plan for 2009 mainly as a result of reduced activity at our US ISR uranium operations, where poor weather and regulatory issues delayed wellfield construction. We do not expect future production to be affected by these delays.

Outlook for investing activities

We expect total capital expenditures for uranium and fuel services to be 65% higher in 2010, as a result of higher spending for:

- growth capital at Cigar Lake
- sustaining capital at Key Lake and McArthur River

Major sustaining expenditures in 2010 include:

- *McArthur River/Key Lake* – At McArthur River, the largest component is mine development at about $47 million. Other projects include installing freezing and distribution systems, and work on dewatering equipment and mine ventilation. At Key Lake, construction of a new acid plant is the largest project at approximately $87 million.
- *US in situ recovery (ISR)* – Wellfield construction and well installation is the largest project at approximately $28 million. We also plan to work on the Reynolds Ranch satellite operation and infrastructure.
- *Rabbit Lake* – Mine development at Eagle Point is the largest project at about $17 million. Other projects include dewatering systems, continued work on mine ventilation expansion and replacement of components of the acid plant.

In 2010, we expect to fund our capital expenditures with cash on hand and cash generated by our operating activities.

Financing activities

Cash from financing includes borrowing and repaying debt, and other financial transactions including paying dividends and providing financial assurance.

2009 was a very active year for us. We carried out six separate transactions to build on our already strong financial position, and to support our corporate strategy:

- In the first quarter, we issued approximately 26.7 million common shares, netting $440 million, and put in place or renewed $600 million in revolving lines of credit.
- In the third quarter, we issued 10-year debentures bearing interest at a rate of 5.67%, netting $495 million. At the same time, we cancelled a $500 million revolving credit facility that was to mature in June 2010.
- In the fourth quarter, we renewed a $100 million revolving credit facility until February 2011, and sold our interest in Centerra, netting $871 million.

We used the net proceeds from these transactions to strengthen our cash balances and repay short-term debt. Our intention as we move ahead is to use this cash to advance our growth strategy and for general corporate purposes.

Long-term contractual obligations

December 31, 2009 ($ millions)	2010	2011 and 2012	2013 and 2014	2015 and beyond	Total
Long-term debt	12	28	34	890	**964**
Interest on long-term debt	54	107	102	162	**425**
Reclamation costs	14	16	16	449	**495**
Other liabilities	—	1	—	248	**249**
Total	**80**	**152**	**152**	**1,749**	**2,133**

We now have unsecured lines of credit of about $1.2 billion, which include the following:

- A $500 million, unsecured revolving credit facility that matures November 30, 2012. On mutual agreement between the lenders and Cameco, the facility can be extended for an additional year on the 2010 and 2011 anniversary dates. In addition to borrowing directly from this facility, we can use up to $100 million of it to issue letters of credit, and we keep up to $400 million available to provide liquidity for our commercial paper program, as necessary. The facility ranks equally with all of our other senior debt. At December 31, 2009, there was nothing outstanding under this credit facility, and nothing outstanding under our commercial paper program.
- A $100 million, unsecured revolving credit facility that matures on February 4, 2011. This facility can be extended for one additional 364-day term on mutual agreement with the lender. At December 31, 2009, there was nothing outstanding under this credit facility.
- Approximately $600 million in short-term borrowing and letters of credit provided by various financial institutions. We use these facilities mainly to provide financial assurance for future decommissioning and reclamation of our operating sites, and as overdraft protection. At December 31, 2009, we had approximately $592 million outstanding in letters of credit.

We have $800 million in senior unsecured debentures:

- $300 million bearing interest at 4.7% per year, maturing on September 16, 2015
- $500 million bearing interest at 5.67% per year, maturing on September 2, 2019

We have issued a $73 million (US) promissory note to GLE to support future development of its business. In 2010, GLE expects to have enough data from the test loop phase to be able to

decide whether to proceed to commercial feasibility. We do not expect any amounts to be drawn on this note until 2011.

Product loan facilities

We have a standby product loan facility with one of our customers. The facility, which became effective April 1, 2008, allows us to borrow up to 2.4 million pounds U_3O_8 equivalent from April 1, 2008, to December 31, 2011, and to repay it from 2012 to 2014. We pay standby fees of 2.0% of the U_3O_8 long-term market value at the time the facility was signed, and 5.0% interest on any amounts we draw. Borrowings must be repaid in kind. As at December 31, 2009, there was nothing outstanding under this facility. Revenue from deliveries to this customer, up to the limit of the loan facility, will be deferred until the loan facility has been terminated or, if drawn upon, when the loans are repaid. Revenues deferred to date have not had a material impact on our revenues or earnings.

Debt covenants

Our revolving credit facilities include the following financial covenants:

- our funded debt to tangible net worth ratio must be 1:1 or less
- our tangible net worth must be more than $1.25 billion
- other customary covenants and events of default

Funded debt is total consolidated debt less the following: non-recourse debt, $100 million in letters of credit, cash and short-term investments.

Not complying with any of these covenants could result in accelerated payment and termination of our revolving credit facilities. At December 31, 2009, we complied with all covenants, and we expect to continue to comply in 2010.

Off-balance sheet arrangements

We had two kinds of off-balance sheet arrangements at the end of 2009:

- purchase commitments
- financial assurances

Purchase commitments

December 31, 2009 ($ millions)	**2010**	**2011 and 2012**	**2013 and 2014**	**2015 and beyond**	**Total**
Purchase commitments[1]	140	334	370	35	**879**

[1] Denominated in US dollars, converted to Canadian dollars as of December 31, 2009 at the rate of $1.0466.

Nearly all of these are commitments to buy uranium and fuel services products under long-term, fixed-price arrangements.

At the end of 2009, we had committed to $840 million (US) for the following:

- About 31 million pounds U_3O_8 equivalent from 2010 to 2013. Of these, an average of 7 million pounds a year until 2013 are from our agreement with Techsnabexport Joint Stock Company (Tenex) to buy uranium from dismantled Russian weapons (the Russian HEU commercial agreement).
- Almost 43 million kgU as UF_6 in conversion services from 2010 to 2016 under our agreements with Springfields Fuels Ltd. (SFL) and Tenex.

Non-delivery by a supplier under these two agreements could have a material adverse effect on our financial condition, liquidity and results of operations.

These two suppliers do not have the right to terminate their agreements other than pursuant to customary event of default provisions.

Financial assurances

December 31 ($ millions)	2009	2008	change
Standby letters of credit	$592	$429	38%
BPLP guarantees	87	82	6%
Total	**$679**	**$511**	**33%**

Standby letters of credit mainly provide financial assurance for the decommissioning and reclamation of our mining and conversion facilities. We are required to provide the letters of credit to various regulatory agencies until decommissioning and reclamation activities are complete. Letters of credit are issued by financial institutions for a one-year term.

Our total commitment for financial guarantees on behalf of BPLP was an estimated $87 million at the end of the year. See note 26 to the financial statements.

Balance sheet

December 31 ($ millions except per share amounts)	2009	2008	2007	change from 2008 to 2009
Inventory	453	398	393	14%
Total assets	7,342	7,011	4,582	5%
Long-term financial liabilities	1,583	1,800	1,512	(12)%
Dividends per common share	$0.24	$0.24	$0.20	0%

Total product inventories increased by 14% to $453 million this year due to the higher average carrying cost for uranium and higher fuel services inventory. The average cost of uranium was higher as a result of increased purchasing at near-market prices.

At the end of 2009, our total assets amounted to $7.3 billion, an increase of $2.8 billion compared to 2007. In 2008, the total asset balance increased by $2.4 billion as a result of acquisitions and a temporary increase in accounts receivable. In 2009, the increase was largely attributable to a higher cash balance.

The major components of long-term financial liabilities are long-term debt, future income taxes and the provision for reclamation. In 2009, our balance declined by $217 million primarily due to the repayment of debt during the year. In 2008, the balance increased by $288 million as a result of higher debt levels and increased provision for reclamation resulting from higher estimates for reclamation costs.

2009 financial results by segment

Uranium

Highlights	2009	2008	change
Production volume (million lbs)	**20.8**	17.3	20%
Sales volume (million lbs)	**33.9**	34.1	(1)%
Average spot price ($US/lb)	**46.06**	61.58	(25)%
Average realized price			
($US/lb)	**38.25**	39.52	(3)%
($Cdn/lb)	**45.12**	43.91	3%
Cost of sales ($Cdn/lb U_3O_8) (including DDR)	**30.59**	24.27	26%
Revenue ($ millions)	**1,551**	1,512	3%
Gross profit ($ millions)	**488**	665	(27)%
Gross profit (%)	**31**	44	(30)%

Production volume in 2009 was 20% higher than 2008 due to higher production at McArthur River, Rabbit Lake, Smith Ranch-Highland, and the rampup of production at Inkai.

Our average realized selling price in $US was 3% lower than 2008 due to lower spot prices. In $Cdn, our realized price was 3% higher as a result of a weaker Canadian dollar in 2009. This was the primary reason for a 3% increase in total revenues as sales volumes were slightly lower than in 2008.

Our total cash cost of sales (excluding DDR) increased by 27% to $901 million ($26.33 per pound U_3O_8) in 2009. This was mainly the result of the following:

- Our unit cost for purchased uranium was significantly higher due to higher purchases at near-market prices to take advantage of profitable trading opportunities.
- We recorded royalty expenses of $117 million (compared to $82 million in 2008) due to higher realized prices and royalty adjustments.

For produced material, our cash cost of sales per unit rose by $4.44 per pound in 2009. Higher royalty costs represented 38% of the increase (higher realized prices resulted in a $1.30 per pound increase in royalties), and incremental production from Inkai added $0.83 per pound (19%). During the rampup stage, Inkai`s cash costs will be significantly higher than our overall average.

The following table shows our cash cost of sales per unit for produced and purchased material, including royalty charges on produced material, as well as the amounts of produced and purchased uranium sold.

	Unit cost of sale ($Cdn/lb U_3O_8)			Quantity sold (million lbs)		
	2009	2008	change	2009	2008	change
Produced	**23.86**	19.42	4.44	**20.9**	23.2	(2.3)
Purchased	**30.22**	24.57	5.65	**13.0**	10.9	2.1
Total	**26.33**	20.67	5.66	**33.9**	34.1	(0.2)

The net effect was a 27% decrease in gross profit.

In the third quarter of 2009, we forecast a 5% to 10% increase in uranium revenues and expected sales volumes in the range of 34 million to 36 million pounds. Our actual results for 2009 fell slightly short of forecast due to logistical issues that delayed delivery of approximately 1 million pounds of uranium until the first quarter of 2010.

Outlook for 2010

We expect to produce 21.5 million pounds of U_3O_8, or 3% more than 2009. This increase is driven by our plan to double production at Inkai.

Based on the contracts we have in place, we expect to sell between 31 million and 33 million pounds U_3O_8 in 2010. We expect the unit cost of sale for produced material to be 2% to 5% lower than 2009 due to higher production, and the unit cost of sale for purchased material to be 15% to 20% lower as we expect to make fewer purchases on the spot market.

Based on current spot prices, revenue should be about 5% to 10% lower than it was in 2009 as a result of lower expected sales volumes.

Sensitivity analysis

For 2010, a change of $5 (US) from the Ux spot price on February 22, 2010 ($41.75 (US) per pound) would change revenue by $64 million and net earnings by $39 million.

Long-term price sensitivity analysis: uranium

The table below is *not* a forecast of prices we expect to receive. The prices we actually realize will be different from the prices shown in the table.

The table is designed to indicate how the portfolio of long-term contracts we had in place on December 31, 2009 would respond to different spot prices. In other words, we would realize these prices only if the contract portfolio remained the same as it was on December 31, 2009, and none of the assumptions we list below change.

Expected realized uranium price sensitivity under various spot price assumptions
(rounded to the nearest $1.00)

	$US/lb U_3O_8						
Spot prices	**$20**	**$40**	**$60**	**$80**	**$100**	**$120**	**$140**
2010	33	39	47	53	60	67	74
2011	33	38	47	54	63	71	79
2012	36	39	49	58	68	77	86
2013	43	45	55	65	75	85	94
2014	42	46	56	66	76	87	96

In the table, our average realized price increases over time under all spot price scenarios. This illustrates the mix of long-term contracts in our December 31, 2009 portfolio, and is consistent with our contracting strategy.

Our contracts usually include a mix of fixed-price and market-price components, which we target at a 40:60 ratio. We signed many of our current contracts in 2003 to 2005, when market prices were low ($11 to $31 (US)). Those that are fixed at lower prices or have low ceilings will yield

prices that are lower than current market prices. These older contracts are beginning to expire, and we are starting to deliver into contracts signed since 2004 (when market prices began to increase).

See page 19 for more information about our contracting strategy.

Our portfolio is affected by more than just the spot price. We made the following assumptions to create the table:

Sales

- sales volume of 32 million pounds in 2010 (the midpoint of our outlook for the year)
- sales volume of 30 million pounds for 2011 and every year following

Deliveries

- customers take the maximum quantity allowed under each contract (unless they have already provided a delivery notice indicating they will take less)
- we defer a portion of deliveries under existing contracts for 2010, 2011 and 2012

Prices

- the average long-term price indicator is the same as the average spot price for the entire year (a simplified approach for this purpose only)
- we deliver all volumes that we don't have contracts for at the spot price for each scenario

Inflation

- is 2.0% per year

Tiered royalties

As sales of material we produce at our Saskatchewan properties increase, so do the tiered royalties we pay. The table below indicates what we would pay in tiered royalties at various realized prices. We record tiered royalties as a cost of sales.

This table assumes that we sell 100,000 pounds U_3O_8 and that there is no capital allowance available to reduce royalties, and is based on 2009 rates. The index value to calculate rates for 2010 is not available until April 2010.

Realized price ($Cdn)	**Tier 1 royalty** 6% x (sales price - $17.82)	**Tier 2 royalty** 4% x (sales price - $26.74)	**Tier 3 royalty** 5% x (sales price - $35.65)	**Total royalties**
25	43,080	—	—	43,080
35	103,080	33,040	—	136,120
45	163,080	73,040	46,750	282,870
55	223,080	113,040	96,750	432,870
65	283,080	153,040	146,750	582,870
75	343,080	193,040	196,750	732,870
85	403,080	233,040	246,750	882,870

Fuel services
(includes results for UF_6, UO_2 and fuel fabrication)

Highlights	2009	2008	change
Production volume (million kgU)	**12.3**	8.3	48%
Sales volume (million kgU)	**14.9**	14.8	1%
Realized price ($Cdn/kgU)	**17.84**	15.85	13%
Cost of sales ($Cdn/kgU) (including DDR)	**14.47**	15.46	(6)%
Revenue ($ millions)	**276**	252	10%
Gross profit ($ millions)	**50**	8	525%
Gross profit (%)	**18**	3	500%

The shutdown of the Port Hope UF_6 conversion plant reduced production in our fuel services division in 2009 and 2008. The UF_6 plant resumed operations in June, reducing the impact in 2009, and resulting in a 48% increase in total production.

Revenue rose by 10% as a result of a 13% increase in the average realized selling price for fuel service products, reflecting improved prices under UF_6 sales contracts.

The unit cost of products and services sold (including DDR) was 6% lower this year, mainly due to higher production volumes and allocating operating costs to inventory rather than expensing them directly. In 2009, we expensed $18 million in standby charges compared to $43 million in 2008.

The net effect was a $42 million increase in gross profit.

Outlook for 2010

We expect to produce 14 million to 16 million kgU in our fuel services business in 2010, a significant improvement over 2009 due largely to stronger anticipated performance at the Port Hope UF_6 conversion plant.

We expect the average realized selling price for our fuel services products to decline by 5% to 10%, sales volumes to increase by 15% to 20%, and revenue to be 5% to 10% higher.

Electricity

BPLP
(100% – not prorated to reflect our 31.6% interest)

Highlights ($ millions except where indicated)	**2009**	**2008**	**change**
Output — terawatt hours (TWh)	**24.6**	24.7	—
Capacity factor (the amount of electricity the plants actually produced for sale as a percentage of the amount they were capable of producing)	**87%**	87%	—
Realized price ($/MWh)	**64**[1]	57	12%
Average Ontario electricity spot price ($/MWh)	**30**	49	(39)%
Revenue	**1,640**	1,409	16%
Operating costs (net of cost recoveries)	**905**	900	1%
Cash costs	**770**	779	(1)%
Non-cash costs	**135**	121	12%
Income before interest and finance charges	**735**	509	44%
Interest and finance charges	**4**	41	(90)%
Cash from operations	**754**	547	38%
Capital expenditures	**123**	85	45%
Distributions[2]	**610**	329	85%
Operating costs ($/MWh)	**35**[1]	36	(3)%

1 Based on actual generation of 24.6 TWh plus deemed generation of 1.2 TWh.

2 Does not include the full repayment of the partner loans of $225 million in 2008 (our share was $75 million).

Our earnings from BPLP

($ millions)	**2009**	**2008**	**change**
BPLP's earnings before taxes (100%)	**731**	468	56%
Cameco's share of pretax earnings before adjustments (31.6%)	**231**	148	56%
Proprietary adjustments	**(7)**	(7)	—
Earnings before taxes from BPLP	**224**	141	59%

BPLP's improved results in 2009 are largely the result of higher revenues, which were 16% higher than 2008 due to a 12% increase in realized prices. BPLP's average realized price reflects spot sales, revenue recognized under BPLP's agreement with the Ontario Power Authority (OPA) and revenue from financial contracts.

BPLP has an agreement with the OPA that extends to 2019. Under the agreement, output from the B reactors is supported by a floor price (currently $48.76/MWh) that is adjusted annually for inflation. Revenue is recognized monthly, based on the positive difference between the floor price and the spot price. BPLP does not have to repay the revenue to the extent that the floor price exceeds the average spot price for the year.

The agreement also provides for payment if the Independent Electricity System Operator reduces BPLP's generation because Ontario baseload generation is higher than required. The amount of the reduction is considered 'deemed generation', and BPLP is paid either the spot price or the floor price – whichever is higher.

During 2009, BPLP recognized revenue of $514 million under the agreement with the OPA.

BPLP also has financial contracts in place that reflect market conditions at the time they were signed. Contracts signed in 2006 to 2008, when the spot price was higher than the floor price, reflected the strong forward market at the time. BPLP receives or pays the difference between the contract price and the spot price. Since the electricity market in Ontario has weakened, BPLP has been putting fewer contracts in place.

BPLP sold the equivalent of about 57% of its output under financial contracts in 2009, compared to 67% in 2008.

BPLP's operating costs were $905 million this year compared to $900 million in 2008.

The net effect was an increase in our share of earnings before taxes of 59%.

BPLP distributed $610 million to the partners in 2009. Our share was $193 million. The partners have agreed that BPLP will distribute excess cash monthly, and will make separate cash calls for major capital projects.

BPLP's adjusted capacity factor was 91% in 2009 (including actual generation of 24.6 TWh and deemed generation of 1.2 TWh). Excluding deemed generation, the capacity factor was 87% — unchanged from 2008.

Outlook for 2010

We expect the average capacity factor for the four Bruce B reactors to be approximately 90% in 2010, and actual output to be about 4% higher than it was in 2009. The 2010 realized price for electricity is projected to be about 5% to 10% lower than 2009 as BPLP has fewer financial contracts in place for 2010. At December 31, 2009, BPLP had about 6.5 TWh under financial contracts, which is equivalent to about 25% of Bruce B generation at its planned capacity factor. We expect that revenue will decline by a corresponding 5% to 10% as a result.

We expect the average unit cost (net of cost recoveries) to be 10% to 15% higher in 2010, and total operating costs to rise by about 10% to 15%, mainly due to higher costs for planned outages and maintaining the workforce.

Sensitivity analysis

A change of $1 in the electricity spot price in 2010 would change our 2010 net earnings by $3 million, based on the assumption that the spot price will remain below the floor price provided for under BPLP's agreement with the OPA.

Fourth quarter results

Fourth quarter consolidated results

Highlights ($ millions except per share amounts)	Three months ended December 31 2009	2008	change
Revenue	**659**	640	3%
Net earnings	**598**	31	1,829%
— $ per common share (basic)	**1.52**	0.08	1,800%
— $ per common share (diluted)	**1.52**	0.08	1,800%
Adjusted net earnings (non-GAAP, see page 29)	**248**	179	39%
— $ per common share (adjusted and diluted)	**0.63**	0.49	29%
Cash provided by operations (after working capital changes)	**188**	224	(16)%

In the fourth quarter of 2009, our net earnings were $598 million ($1.52 per share diluted), an increase of $567 million compared to $31 million ($0.08 per share diluted) in 2008. The results for 2009 reflect a $374 million net gain related to the sale of our interest in Centerra. In 2008, we recorded an unrealized after tax loss of $148 million on financial instruments.

The 39% increase in adjusted net earnings in the quarter was from higher profits in gold relating to a higher realized selling price, averaging $1,129 (US) per ounce in 2009 compared to $806 (US) in 2008.

We use adjusted net earnings, a non-GAAP measure, as a more meaningful way to compare our financial performance from period to period. See page 29 for more information. The table below reconciles adjusted net earnings with our net earnings.

($ millions)	Three months ended December 31 2009	2008
Net earnings (GAAP measure)	**598**	**31**
Adjustments (after tax)		
Restructuring the gold business	28	10
Gain on sale of Centerra	(374)	—
Unrealized losses (gains) on financial instruments	(4)	130
Stock option expense (recovery)	—	2
Investment write downs	—	6
Adjusted net earnings[1] (non-GAAP measure)	**248**	**179**

1 Adjusted net earnings includes our share of Centerra's operating earnings for the periods presented.

We recorded an income tax expense of $20 million this quarter, based on adjusted earnings, compared to a $31 million expense in 2008. Our effective income tax rate was 6% in the fourth quarter of 2009 compared to 13% in 2008.

Direct administration costs were $39 million in the quarter, or $18 million lower than the same period last year. The decrease reflects lower costs for BPLP business development activities as well as reduced spending on system technology**.** Stock-based compensation expenses were $3 million in the quarter, compared to a recovery of $10 million in the fourth quarter of 2008. The 2008 amount reflects recoveries recorded before we amended our stock option plan in November 2008. See note 22 to the financial statements.

	Three months ended December 31	
($ millions)	**2009**	**2008**
Direct administration	**39**	57
Stock-based compensation	**3**	(10)
Total administration	**42**	47

Quarterly trends

Highlights	2009				2008			
($ millions except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenue	659	518	645	493	640	329	620	594
Net earnings	598	172	247	82	31	136	150	133
– $ per common share (basic)	1.52	0.44	0.64	0.23	0.08	0.39	0.44	0.38
– $ per common share (diluted)	1.52	0.44	0.64	0.22	0.08	0.39	0.43	0.38
Adjusted net earnings (non-GAAP, see page 46)	248	104	140	90	179	128	139	143
– $ per share diluted	0.63	0.26	0.36	0.24	0.49	0.37	0.39	0.42
Earnings from continuing operations	174	195	269	79	5	124	108	129
– $ per common share (basic)	0.44	0.49	0.68	0.23	0.01	0.37	0.31	0.36
– $ per common share (diluted)	0.44	0.49	0.68	0.23	0.01	0.37	0.30	0.36
Cash provided by operations	188	175	161	166	224	87	100	119

Key things to note:

- Our financial results are strongly influenced by the performance of our uranium segment, which accounted for 66% of annual consolidated revenues in 2009.
- The timing of customer requirements, which tend to vary from quarter to quarter, drives revenue in the uranium and fuel services segments. In 2009, uranium sales volumes were most heavily weighted to the second and fourth quarters – similar to 2008.
- Net earnings do not trend directly with revenue due to unusual items and transactions that occur from time to time. We use adjusted net earnings, a non-GAAP measure, as a more meaningful way to compare our results from period to period (see page 46 for more information).
- Cash from operations tends to fluctuate as a result of the timing of deliveries and product purchases in our uranium and fuel services segments (see page 28 for more information).
- Quarterly results are not necessarily a good indication of annual results due to the variability in customer requirements noted above.

Fourth quarter results by segment

Uranium

Highlights	Three months ended December 31 2009	2008	change
Production volume (million lbs)	**6.7**	5.5	22%
Sales volume (million lbs)	**10.0**	10.5	(5)%
Average spot price ($US/lb)			
Average realized price	**45.96**	51.00	(10)%
($US/lb)	**40.64**	35.31	15%
($Cdn/lb)	**43.51**	42.77	2%
Cost of sales ($Cdn/lb U_3O_8) (including DDR)	**30.29**	24.16	25%
Revenue ($ millions)	**443**	450	(2)%
Gross profit ($ millions)	**132**	193	(32)%
Gross profit (%)	**30**	43	(30)%

Production volumes were 22% higher in the fourth quarter of 2009 compared to the fourth quarter of 2008, as a result of higher production at McArthur River/Key Lake, Smith-Ranch Highland and Inkai.

Uranium revenues for the quarter were down 2% compared to 2008, as a 5% decline in sales volumes was partially offset by a 2% increase in our $Cdn realized price. In $US, our realized price for the quarter was 15% higher than in 2008 mainly due to stronger prices under fixed-price sales contracts. The Canadian dollar was much stronger in the fourth quarter of 2009, with our exchange rate averaging $1.07 compared to $1.21 a year ago.

The total cost of products and services sold, including DDR, was 21% higher than 2008 ($311 million compared to $257 million in 2008) mainly related to higher unit costs for purchased uranium. The average unit cost of product and services sold was $30.29/lb, or 25% higher than it was in the fourth quarter of 2008 as we purchased uranium at near-market prices during the year.

The net effect was a 32% decrease in gross profit.

Fuel services
(includes results for UF_6, UO_2 and fuel fabrication)

Highlights	Three months ended December 31 2009	2008	change
Production volume (million kgU)	**3.9**	2.6	50%
Sales volume (million kgU)	**6.0**	4.6	30%
Realized price ($Cdn/kgU)	**14.89**	13.81	8%
Cost of sales ($Cdn/kgU) (including DDR)	**12.92**	11.26	15%
Revenue ($ millions)	**91**	70	30%
Gross profit ($ millions)	**13**	14	(7)%
Gross profit (%)	**14**	20	(30)%

Our results in the fourth quarter of 2009 were adversely affected by a labour strike at our fuel manufacturing facility. In addition, delivery dates are at the discretion of customers, so our quarterly delivery patterns, and therefore our sales volumes and revenue, can vary significantly.

Total revenue rose by 30% and the cost of products and services sold (including DDR) went up by 38% ($78 million compared to $56 million in the fourth quarter of 2008). The increases are a result of sales volumes being 30% higher than in the fourth quarter of 2008. Our cost of sales per unit was 15% higher, mainly due to the labour strike. Our cost of sales for the quarter included $9 million in standby costs incurred during the strike.

The net effect was a 7% decrease in gross profit.

Electricity

BPLP
(100% – not prorated to reflect our 31.6% interest)

Highlights ($ millions except where indicated)	Three months ended December 31 **2009**	**2008**	**change**
Output — terawatt hours (TWh)	**6.4**	7.0	(9)%
Capacity factor	**89%**	97%	(8)%
Realized price ($/MWh)	**62**[1]	57	9%
Average Ontario electricity spot price ($/MWh)	**30**	49	(39)%
Revenue	**422**	399	6%
Operating costs (net of cost recoveries)	**218**	207	5%
Cash costs	**183**	176	4%
Non-cash costs	**35**	31	13%
Income before interest and finance charges	**204**	192	6%
Interest and finance charges	**1**	11	(91)%
Cash from operations	**229**	176	30%
Capital expenditures	**40**	19	111%
Distributions	**220**	205	7%
Operating costs ($/MWh)	**33**[1]	30	10%

1 Based on actual generation of 6.4 TWh plus deemed generation of 0.4 TWh in the fourth quarter.

Our earnings from BPLP

($ millions)	**2009**	**2008**	**change**
BPLP's earnings before taxes (100%)	**203**	181	12%
Cameco's share of pretax earnings before adjustments (31.6%)	**64**	57	12%
Proprietary adjustments	**(2)**	(2)	—
Earnings before taxes from BPLP	**62**	55	13%

Total electricity revenue increased by 6%. BPLP's results this quarter are higher mainly due to higher realized prices. BPLP's average realized price reflects spot sales, revenue recognized under BPLP's agreement with the OPA and financial contract revenue. During the fourth quarter of 2009, BPLP recognized revenue of $137 million under the agreement with the OPA.

BPLP's adjusted capacity factor was 95% in the fourth quarter of 2009 (includes actual generation of 6.4 TWh and deemed generation of 0.4 TWh). Excluding deemed generation, the capacity factor was 89%, down from 97% in the fourth quarter of 2008.

The equivalent of about 54% of BPLP's output was sold under financial contracts in the fourth quarter of 2009 compared to 76% in the fourth quarter of 2008.

The net effect was a 13% increase in our share of earnings before taxes.

BPLP distributed $220 million to the partners in the fourth quarter. Our share was $70 million. The partners have agreed that BPLP will distribute excess cash monthly, and will make separate cash calls for major capital projects.

Our operations and development projects

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

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Managing the risks

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

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

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

Regulatory risks

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

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

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

Environmental risks

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

Operational risks

Other operational risks and hazards include:

- environmental incidents and pollution
- accidents
- social or political activism, including blockades
- non-compliance with laws and licences
- fire
- natural phenomena, including underground floods, cave-ins and pitwall failures
- unusual, unexpected or adverse mining or geological conditions
- technological failure of mining methods
- risks from the transportation of our products and chemicals

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

Uranium – production overview

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

At McArthur River/Key Lake:

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

At Rabbit Lake:

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

At Inkai:

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

Uranium production

Cameco's share (million lbs U_3O_8)	Three months ended December 31		Year ended December 31		
	2009	2008	2009	2008	2009 plan
McArthur River/Key Lake	**4.0**	3.1	**13.3**	11.6	**13.1**
Rabbit Lake	**1.4**	1.8	**3.8**	3.6	**3.6**
Smith Ranch-Highland	**0.5**	0.3	**1.8**	1.2	**1.8**
Crow Butte	**0.2**	0.2	**0.8**	0.6	**0.8**
Inkai	**0.6**	0.1	**1.1**	0.3	**0.9**
Total	**6.7**	5.5	**20.8**	17.3	**20.2**

Outlook

We have geographically diversified sources of production. Based on our mines currently in production, we expect to produce 112.9 million pounds of U_3O_8 over the next five years. Our strategy is to double our annual production to 40 million pounds by 2018, which we expect will come from our operating properties, development projects and projects under evaluation. These sources are discussed in the following section.

Cameco's share of production — annual forecast to 2014

Current forecast (million lbs U_3O_8)	2010	2011	2012	2013	2014
McArthur River/Key Lake	13.1	13.1	13.1	13.1	13.1
Rabbit Lake	3.6	3.6	3.6	3.6	3.0
US ISR	2.5	2.6	3.0	3.4	3.8
Inkai	2.3	3.1	3.1	3.1	3.1
Total	**21.5**	**22.4**	**22.8**	**23.2**	**23.0**

We expect Cigar Lake to begin production in mid-2013, based on current information, and will update our production outlook for Cigar Lake in the technical report, which we plan to file at the end of the first quarter of 2010.

By 2011, Inkai is expected to reach production of 5.2 million pounds of U_3O_8 per year (our share 3.1 million pounds). Inkai has regulatory approval to produce 2.6 million pounds (100% basis) and, in 2005, applied for regulatory approval to increase production to 5.2 million pounds per year (100% basis). We need regulatory approval to increase production to the level necessary to achieve our annual production forecast, and expect to receive it in 2010.

This forecast is forward-looking information. It is based on the assumptions and subject to the material risks discussed on page 3, and specifically on the assumptions and risks listed here. Actual production may be significantly different from this forecast.

Assumptions

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

Material risks that could cause actual results to differ materially

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

Uranium – operating properties



McArthur River/Key Lake

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

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

Location	Saskatchewan, Canada
Ownership	69.805% — McArthur River 83.33% — Key Lake
End product	U_3O_8
ISO certification	ISO 14001 certified
Deposit type	underground
Estimated reserves (Cameco's share)	234 million pounds — proven and probable
Average reserve grade	U_3O_8 – 19.5%
Estimated resources (Cameco's share)	21.1 million pounds (measured and indicated) 111.3 million pounds (inferred)
Mining methods	currently: raiseboring under development: boxhole boring
Licensed capacity	mine and mill: 18.7 million pounds per year (can be exceeded – see *Licencing* below)
Total production 2000 to 2009 1983 to 2002	171.2 million pounds (McArthur River/Key Lake) 209.8 million pounds (Key Lake)
2009 production	13.3 million pounds (Cameco's share)
2010 forecast production	13.1 million pounds (Cameco's share)

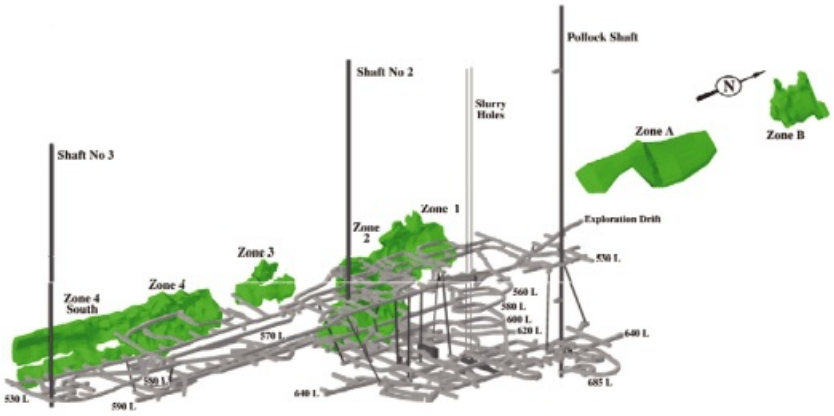
Background

Mining of the McArthur River deposit poses a number of challenges including control of groundwater, stabilizing weak rock formations, and radiation protection from very high grade uranium ores. To address these challenges we use a number of innovative methods and techniques:

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

Raisebore mining — Raisebore mining is an innovative non-entry approach that we adapted to meet the unique challenges at McArthur River. From a raisebore chamber in waste rock above the ore, we drill a series of overlapping holes through the ore zone and collect the ore using

remote-controlled scoop trams at the bottom of the raises. Once each raisebore hole is complete, we fill it with concrete. We have successfully used the raisebore mining method to extract more than 170 million pounds since we began mining in 1999.



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

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

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

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

2009 update

Production on target

Our share of production in 2009 was 13.3 million pounds U_3O_8 compared to our target of 13.1 million pounds U_3O_8, and a 15% increase over 2008. Production in 2008 was lower than planned due to operating challenges at the Key Lake mill.

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

New mining areas

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

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

Mill revitalization

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

- operational upgrades
- treatment of effluent
- tailings capacity

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

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

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

Licensing

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

Under certain conditions, the Key Lake mill can produce up to 20.4 million pounds U_3O_8 per year as long as average annual production does not exceed 18.7 million pounds. If production is lower than 18.7 million pounds in any year, we can produce more in future years (up to 20.4 million pounds) until we recover the shortfall. The amendment allows us to recover shortfalls going back to 2003.

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

After the mill is revitalized, annual production will depend mainly on mine production. We are continuing to plan for annual production of 18.7 million pounds (100% basis) for the next few years.

Exploration

We continued our underground exploration drilling and development this year, focusing on evaluating mineral resources at the south of the mine. We successfully converted 14 million pounds of measured resources in zone 4 to mineral reserves.

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

Reserves grade

The estimated average ore grade of the mineral reserves at McArthur River has declined from 21% U_3O_8 to 19.5% as a result of new reserves in zone 4 that average 10.3% U_3O_8. We do not expect to be producing from this area for a number of years.

Planning for the future

Production

We expect our share of production to be 13.1 million pounds U_3O_8 in 2010.

New mining zones

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

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

Exploration

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

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

Managing near-term risks

Labour relations

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

Transition to new mining areas

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

Managing ongoing risks

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

Water inflow risk

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

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

We take the following steps to reduce the risk of inflows, but there is no guarantee that these will be successful:

- *Ground freezing* — Before mining an ore zone, we drill freeze holes and freeze the ground to form an impermeable freezewall around the ore zone. Ground freezing reduces but does not eliminate the risk of water inflows.
- *Mine development* — We carry out extensive grouting and careful placement of mine development away from known groundwater sources whenever possible. In addition, we assess all planned mine development for relative risk, and apply extensive additional technical and operating controls for all higher risk development.
- *Pumping capacity and treatment limits* — The total installed pumping capacity from the McArthur River mine is currently more than 1,850 m^3/hr. On the surface, we have water treatment capacity of 1,500 m^3/hr and approximately 50,000 m^3 of surface storage. We have regulatory approval to treat and release 1,500 m^3/hr in non-routine circumstances. In our view, this is sufficient capacity to handle an estimated maximum inflow. We review our dewatering system and requirements at least once a year and before beginning work on any new zone.

Key Lake tailings capacity risk

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

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

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

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

We also manage the risks listed on page 54.

Uranium – operating properties



Rabbit Lake

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

Location	Saskatchewan, Canada
Ownership	100%
End product	U_3O_8
ISO certification	not certified
Deposit type	underground
Estimated reserves	21.3 million pounds (proven and probable)
Average reserve grade	U_3O_8 - 0.88%
Estimated resources	10.4 million pounds (measured and indicated) 0.9 million pounds (inferred)
Mining method	vertical blast-hole stoping
Licensed capacity	mill: 16 million pounds per year
Total production 1975 to 2009	178.7 million pounds
2009 production	3.8 million pounds
2010 forecast production	3.6 million pounds

2009 update

Production on target

Rabbit Lake's production this year was 3.8 million pounds U_3O_8, just over our target, and 6% higher than 2008. Higher tonnage made up for grades that were lower than expected.

Continued to upgrade the mill and expand the tailings facility

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

We completed the tailings management facility expansion in 2009.

Advanced reclamation planning

The CNSC approved our multi-year site-wide reclamation plan. It will serve as the foundation for future reclamation activities, with area-specific plans to be approved on a case-by-case basis.

Worked to extend the mine life

We added mineral reserves, extending the expected production life by two years to 2015. We are conducting exploration drilling near the mine and have found new mineralization.

Planning for the future

Production

We expect to produce 3.6 million pounds in 2010.

Milling

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

Exploration

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

Reclamation

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

Managing our risks

We manage the risks listed on page 54.

Uranium – operating properties



Smith Ranch-Highland

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

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

Location	Wyoming, US
Ownership	100%
End product	U_3O_8
ISO certification	ISO 14001 certified
Estimated reserves	5.9 million pounds (proven and probable)
Average reserve grade	U_3O_8 – 0.10%
Estimated resources	23.0 million pounds (measured and indicated) 6.6 million pounds (inferred)
Mining method	in situ recovery (ISR)
Licensed capacity	mine: 2 million pounds per year mill: 4 million pounds per year including Highland mill
Total production 2002 to 2009	11.8 million pounds
2009 production	1.8 million pounds
2010 forecast production	1.8 million pounds

2009 update

Production on target

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

Upgrades

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

Planning for the future

Production

We expect to produce 1.8 million pounds in 2010.

Reynolds Ranch expansion

We are seeking regulatory approval to proceed with our Reynolds Ranch expansion, which is expected in the second half of 2010. Reynolds Ranch is adjacent to the Smith Ranch-Highland property.

Reserves and resources for Reynolds Ranch and Northwest Unit have been included in the totals for Smith Ranch-Highland reserves and resources.

Exploration

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

Managing our risks

The operating environment is becoming more complex as public interest and regulatory oversight increase. This may have a negative impact on our plans to increase production. We also manage the risks listed on page 54.

Uranium – operating properties



Crow Butte

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

Location	Nebraska, US
Ownership	100%
End product	U_3O_8
ISO certification	ISO 14001 certified
Estimated reserves	4.1 million pounds (proven and probable)
Average reserve grade	U_3O_8 – 0.13%
Estimated resources	10.4 million pounds (measured and indicated) 6.7 million pounds (inferred)
Mining method	in situ recovery (ISR)
Licensed capacity (mine and mill)	1 million pounds per year
Total production 2002 to 2009	6.1 million pounds
2009 production	0.8 million pounds
2010 forecast production	0.7 million pounds

2009 update

Production on target

2009 production was 0.8 million pounds, in line with our forecast.

Licensing

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

Planning for the future

Production

In 2010, we expect to produce 0.7 million pounds.

Managing our risks

The operating environment is becoming more complex as public interest and regulatory oversight increase. This may have a negative impact on our plans to increase production. We also manage the risks listed on page 54.

Uranium – operating properties



Inkai

Inkai is a very significant uranium deposit, located in Kazakhstan. There are two production areas (blocks 1 and 2) and an exploration area (block 3). The operator is Joint Venture Inkai Limited Liability Partnership, which we jointly own (60%) with Kazatomprom (40%).

Location	central Kazakhstan
Ownership	60%
End product	U_3O_8
ISO certification	BSI OHSAS 18001 ISO 14001 certified
Estimated reserves (Cameco's share)	80.9 million pounds (proven and probable)
Average reserve grade	U_3O_8 - 0.07%
Estimated resources (Cameco's share)	13.1 million pounds (measured and indicated) 153.0 million pounds (inferred)
Mining method	In situ recovery (ISR)
Licensed capacity (mine and mill)	Approved: 2.6 million pounds per year (Cameco's share 1.6 million pounds per year) Application: 5.2 million pounds per year (Cameco's share 3.1 million pounds per year)
2009 production	1.1 million pounds (Cameco's share)
2010 forecast production	2.3 million pounds (Cameco's share)

2009 update

Production

Our share of production this year was 1.1 million pounds U_3O_8 or 22% higher than our forecast of 0.9 million pounds.

Operations

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

Supply of sulphuric acid

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

Project funding

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

We have agreed with our partner to provide all funds required by Inkai in connection with work on block 3 until completion of a feasibility study.

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

Taxes

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

Licensing and Resource Use Contract amendments

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

Block 3 exploration

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

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

Planning for the future

Production

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

Doubling production

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

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

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

Block 3 exploration

To support a commercial discovery, we are:

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

Technical report

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

Managing our risks

Regulatory approvals

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

Supply of sulphuric acid

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

Political risk

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

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

We also manage the risks listed on page 54.

Uranium – development project



Cigar Lake

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

Location	Saskatchewan, Canada
Ownership	50.025%
End product	U_3O_8
Deposit type	underground
Estimated reserves (Cameco's share)	104.7 million pounds (proven and probable)
Average reserve grade	U_3O_8 – 17.0%
Estimated resources (Cameco's share)	0.6 million pounds (measured and indicated) 66.8 million pounds (inferred)
Mining method	jet boring
Target production date	mid-2013 (based on current information)
Target annual production (Cameco's share)	9 million pounds after rampup

Background

Development

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

Mining method

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

- *Bulk freezing* — The sandstones that overlay the deposit and basement rocks are water-bearing, with large volumes of water under significant pressure. We will freeze the orebody and surrounding rock to prevent water from entering the mine, and to help stabilize weak rock formations.

- *Jet boring*— The jet boring mining method is new to the uranium mining industry. We have conducted an initial test mine program and, overall, the program was a success and met all initial objectives. As we ramp up production, however, there may be some technical challenges.

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

Milling

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

2009 update

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

Dewatering and mine re-entry

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

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

Licensing

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

Costs

As of December 31, 2009, we had:

- invested $470 million in capital to develop Cigar Lake
- expensed $64 million in remediation expenses, including $18 million in 2009

Planning for the future

In 2010, we expect to:

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

Cost update

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

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

Remediation

In addition to capital costs, our share of the remaining remediation expenses is now expected to be $29 million. In 2010, we expect to spend $25 million on remediation expenses.

Production

We are now targeting initial production to begin in mid-2013, based on current information.

Reserves and resources

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

Cameco's share (million lbs)	**2009**	**2008**	**change**
Proven reserves	36.9	113.2	(76.3)
Probable reserves	67.8	—	67.8
Total	104.7	113.2	(8.5)
Measured resources	0.2	—	0.2
Indicated resources	0.4	3.3	(2.9)
Total	0.6	3.3	(2.7)
Inferred resources	66.8	59.1	7.7

The changes are mainly from:

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

These factors contributed to the decreases in total contained pounds of U_3O_8 in the reserves and in the estimated average grade.

Our share of reserves went from 113 million pounds in 2008 to 105 million pounds, due to a 12% increase in tonnes of diluted ore and an 18% reduction in average grades. Our review of the mineral resource and reserve classification resulted in 35% of reserves being classified as proven, compared to 100% previously. The classification is based on drill hole spacing, geological continuity, grade continuity, estimation confidence and the anticipated ability to successfully recover all of the ore.

The costs to complete Cigar Lake and our target dates for securing the underground and for initial production are forward-looking information. They are based on the assumptions and subject to the material risks discussed on page 3, and specifically on the assumptions and risks listed here.

Assumptions

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

Material risks

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

Managing our risks

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

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

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

Bulk freezing

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

Mine development

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

Pumping capacity and treatment limits

The total installed pumping capacity from the Cigar Lake mine is currently 1,550 m^3/hr. On the surface, we have water treatment capacity of 2,550 m^3/hr and approximately 100,000 m^3 of surface storage. We have regulatory approval to release 1,100 m^3/hr of treated water in non-routine circumstances. In our view, we have sufficient capacity to handle an estimated maximum inflow, and we intend to install additional capacity to assure the long-term success of the project.

In addition to the above, our main risks in 2010 include:

- uncertainty about the condition of the underground development, which we will know once the crews have assessed the underground
- delay or lack of success in implementing our remediation plan

We also manage the risks listed on page 54.

Uranium – projects under evaluation

Kintyre

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

Location	Western Australia
Ownership	70%
End product	U_3O_8
Deposit type	open pit

Background

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

2009 update

This year we:

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

Planning for the future

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

- negotiate a mine development agreement with the Martu
- complete delineation drilling of the deposit
- estimate a resource
- conduct metallurgical testing to define the milling process
- continue the environmental assessment for the environmental impact statement we plan to submit to regulators in 2011
- begin a prefeasibility study
- build a temporary construction camp

Managing the risks

To successfully develop this project, we need a positive feasibility study, regulatory approval and an agreement with the Martu. We also manage the risks listed on page 54.

Uranium – projects under evaluation

Millennium

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

Location	Saskatchewan, Canada
Ownership	42%
End product	U_3O_8
Deposit type	underground
Estimated resources (Cameco's share)	19.6 million pounds (indicated) 4.1 million pounds (inferred)

Background

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

2009 update

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

Planning for the future

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

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

Managing the risks

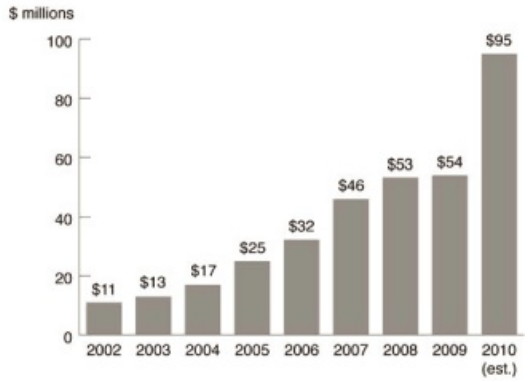
The English River First Nation (ERFN) has selected surface lands covering the Millennium deposit in a claim for Treaty Land Entitlement (TLE). The Saskatchewan government has rejected the selection, but the ERFN has challenged the government's decision in the courts. The TLE process does not affect our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

We also manage the risks listed on page 54.

Uranium – exploration

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

Exploration and development spending



2009 update

Brownfield exploration

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

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

Regional exploration

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

Plans for 2010

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

Brownfield exploration

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

Regional exploration

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

Fuel services – refining

Blind River refinery

Blind River is the world's largest commercial uranium refinery, refining U_3O_8 from mines around the world into UO_3.

Location	Ontario, Canada
Ownership	100%
End product	UO_3
ISO certification	ISO 14001 certified
Licensed capacity	approved: 18 million kgU as UO_3 per year application: 24 million kgU as UO_3 per year

2009 update

Production

Our Blind River refinery produced 12.9 million kgU of UO_3, which is 29% higher than our forecast. This ensured that SFL maintained its contractual inventories and Port Hope met its production requirements.

Planning for the future

We expect production in 2010 to be between 11 million and 13 million kgU as UO_3.

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

Managing our risks

We manage the risks listed on page 54.

Fuel services – conversion and fuel manufacturing

Port Hope conversion services

Port Hope is the only uranium conversion facility in Canada, and one of only four in the western world. It is the only commercial supplier of UO_2 for Canadian-made Candu reactors. We control 35% of western world UF_6 capacity.

Location	Ontario, Canada
Ownership	100%
End product	UF_6, UO_2
ISO certification	ISO 14001 certified
Licensed capacity	12.5 million kgU as UF_6 per year 2.8 million kgU as UO_2 per year

Cameco Fuel Manufacturing Inc. (CFM)

CFM produces fuel bundles and reactor components for Candu reactors.

Location	Ontario, Canada
Ownership	100%
End product	Candu fuel bundles and components
ISO certification	ISO 9001 certified
Licensed capacity	1.2 million kgU as UO_2 as finished bundles

Springfields Fuels Ltd. (SFL)

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

Location	Lancashire, UK
Toll-processing agreement	annual conversion of 5 million kgU as UO_3 to UF_6
Licensed capacity	6.0 million kgU as UF_6 per year

2009 update

Production

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

Production at the UO_2 plant began in mid-January 2009, after it had been shut down for an extended planned maintenance period. We upgraded the floors and in-floor structures, and they now meet the standards of the UF_6 plant.

Production at the UF_6 plant began on June 17, 2009 after being suspended in December 2008 as hydrofluoric acid (HF) was not available on acceptable terms.

HF is a primary feed material for the production of UF_6. We have signed an agreement with our original supplier, and with two additional suppliers, broadening our sources of supply.

Fuel manufacturing

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

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

Port Hope conversion facility cleanup and modernization (Vision 2010)

The federal Minister of the Environment approved the environmental assessment guidelines, and work on the environmental assessment continues.

Collective agreements

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

Community outreach

We continued to strengthen our community outreach program in Port Hope by:

- holding a series of community forums
- making presentations to municipal council
- reaching out using community newsletters, newspaper advertising, public displays, open houses and a website dedicated to the Port Hope community

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

Planning for the future

Production

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

Port Hope conversion facility cleanup and modernization (Vision 2010)

We expect to file the environmental assessment for this project in 2010.

Managing our risks

The main risk in 2010 is a potential strike by unionized employees at the Port Hope conversion facility, which would impact production. The collective agreement expires on June 30, 2010. We also manage the risks listed on page 54.

Electricity

Bruce Power Limited Partnership (BPLP)

BPLP leases and operates four Candu nuclear reactors that have the capacity to provide about 15% of Ontario's electricity.

Location	Ontario, Canada
Ownership	31.6%
ISO certification	ISO 14001 certified
Expected reactor life	2017 to 2020
Term of lease	2018 – right to extend for 25 years
Generation capacity	3,260 MW
Average annual fuel supplied by Cameco	1.2 million pounds of U_3O_8 600 tonnes UO_2 conversion and fuel fabrication

Background

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

We provide 100% of BPLP's uranium concentrates and have agreed to supply BALP with the majority of its future uranium concentrates. Sales to BPLP and BALP are also a substantial portion of our fuel manufacturing business and an important part of our UO_2 business.

2009 update

Output

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

Licensing

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

Planning for the future

Output

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

Managing our risks

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

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

BPLP also manages the risks listed on page 54.

Reserves and resources

Our uranium reserves and resources are the foundation of our company and are fundamental to our success.

We estimate and disclose them in five categories (proven and probable reserves, and measured, indicated and inferred resources) following established industry practices and in compliance with National Instrument 43-101 (NI 43-101). We use current geological models, current or projected operating costs and mine plans to estimate our reserves, allowing for dilution and mining losses. We apply our standard data verification process for every estimate.

Changes this year

Cameco's share of proven and probable reserves went from 495 million pounds at the end of 2008 to 478.7 million pounds at the end of 2009. The change was mostly the result of:

- mining and milling activities, which used 22 million pounds
- identifying additional reserves – 14 million pounds at McArthur River, and 8 million pounds at Rabbit Lake
- reclassifying reserves to resources – 8 million pounds at Cigar Lake and 6 million pounds at Ruby Ranch and Ruth

Measured and indicated resources increased from 127.9 million pounds at the end of 2008 to 139.6 million pounds at the end of 2009. The change was mostly the result of:

- adding 20 million pounds of resources at Tamarack, Rabbit Lake and Crow Butte
- upgrading 14 million pounds of resources to reserves at McArthur River, zone 4
- downgrading 6 million pounds of reserves to resources at Ruby Ranch and Ruth

At the end of 2009, our share of inferred resources was nearly 354 million pounds — a net gain of 18 million pounds, which came mostly from the addition of 14 million pounds from surface drilling on McArthur River zone B.

Qualified persons

The technical and scientific information discussed in this MD&A, including the reserve and resource estimates for our material properties (McArthur River/Key Lake, Cigar Lake and Inkai) were prepared by, or under the supervision of, individuals who are qualified persons for the purposes of NI 43-101.

McArthur River/Key Lake

- Alain G. Mainville, director, mineral resources management, Cameco
- David Bronkhorst, general manager, McArthur River, Cameco
- Greg Murdock, technical superintendent, McArthur River, Cameco
- Lorne D. Schwartz, chief metallurgist, mining technical services, Cameco
- Les Yesnik, general manager, Key Lake, Cameco

Inkai

- Alain G. Mainville, director, mineral resources management, Cameco
- Charles J. Foldenauer, deputy general director, operations, Inkai

Cigar Lake

- Alain G. Mainville, director, mineral resources management, Cameco
- Grant J.H. Goddard, general manager, Cigar Lake, Cameco
- C. Scott Bishop, chief mine engineer, Cigar Lake, Cameco
- Lorne D. Schwartz, chief metallurgist, mining technical services, Cameco

Alain G. Mainville, director, mineral resources management, oversees and co-ordinates the estimation of mineral reserves and resources by Cameco's qualified persons, and reports to management and the board's reserves oversight committee.

Estimates are based on our knowledge, mining experience, analysis of drilling results and management's best judgment. They are, however, imprecise by nature, may change over time, and include many variables and assumptions, including:

- geological interpretation
- extraction plans
- commodity prices
- operating and capital costs.

Important information for US investors

While the terms measured, indicated and inferred resources are recognized and required by Canadian securities regulatory authorities, the US Securities and Exchange Commission (SEC) does not recognize them. Under US standards, mineralization may not be classified as a 'reserve' unless it has been determined at the time of reporting that the mineralization could be economically and legally produced or extracted. US investors should not assume that:

- Any or all of a measured or indicated resource will ever be converted into proven or probable mineral reserves.
- Any or all of an inferred resource exists or is economically or legally mineable, or will ever be upgraded to a higher category. Under Canadian securities regulations, estimates of inferred resources may not form the basis of feasibility or prefeasibility studies.

The requirements of Canadian securities regulators for identification of "reserves" are also not the same as those of the SEC, and mineral reserves reported by us in accordance with Canadian requirements may not qualify as reserves under SEC standards.

Other information concerning descriptions of mineralization, reserves and resources may not be comparable to information made public by companies that comply with the SEC's reporting and disclosure requirements for US domestic mining companies, including Industry Guide 7.

Reserves
(100% – only the second last column shows Cameco's share)

As at December 31, 2009

Proven and probable
(tonnes in thousands; pounds in millions)

	Mining method	PROVEN Tonnes	PROVEN Grade %U_3O_8	PROVEN Content (lbs U_3O_8)	PROBABLE Tonnes	PROBABLE Grade %U_3O_8	PROBABLE Content (lbs U_3O_8)	TOTAL RESERVES Tonnes	TOTAL RESERVES Grade %U_3O_8	TOTAL RESERVES Content (lbs U_3O_8)	Cameco's share of content (lbs U_3O_8)	Estimated metallurgical recovery (%)
PROPERTY												
McArthur River	underground	498.5	15.72	172.7	280.0	26.33	162.5	778.5	19.53	335.2	234.0	98.7
Cigar Lake	underground	130.5	25.62	73.7	426.8	14.41	135.6	557.3	17.04	209.3	104.7	98.5
Rabbit Lake	underground	37.4	0.75	0.6	1,059.0	0.89	20.7	1,096.4	0.88	21.3	21.3	96.7
Key Lake	open pit	61.9	0.52	0.7				61.9	0.52	0.7	0.6	98.7
Inkai	ISR	6,043.0	0.08	11.1	83,434.0	0.07	123.6	89,477.0	0.07	134.7	80.9	80.0
Gas Hills-Peach	ISR				6,403.8	0.13	19.0	6,403.8	0.13	19.0	19.0	72.0
North Butte-Brown Ranch	ISR				3,803.2	0.10	8.2	3,803.2	0.10	8.2	8.2	80.0
Smith Ranch-Highland	ISR	771.9	0.12	2.0	1,931.1	0.09	3.9	2,703.0	0.10	5.9	5.9	80.0
Crow Butte	ISR	968.7	0.11	2.3	493.1	0.17	1.8	1,461.8	0.13	4.1	4.1	85.0
Total		**8,511.9**	—	**263.1**	**97,831.0**	—	**475.3**	**106,342.9**	—	**738.4**	**478.7**	

Metallurgical recovery

We report mineral reserves as the quantity of contained ore supporting our mining plans, and include an estimate of the metallurgical recovery for each uranium property. Metallurgical recovery is an estimate of the amount of valuable material that can be physically recovered by the metallurgical extraction process, and is calculated by multiplying content by the estimated metallurgical recovery percentage. Our share of uranium in the table above is before accounting for estimated metallurgical recovery.

Estimates of Inkai

Our mineral reserve estimates of Inkai assume annual production of 5.2 million pounds of U_3O_8. Inkai has regulatory approval to produce 2.6 million pounds, and applied for approval to increase production to 5.2 million pounds per year in 2005. We expect to receive all permits and approvals required for the construction and operation of the new ISR mine at Inkai in 2010, including approval to increase annual production to 5.2 million pounds. There can be no certainty, however, that we will receive these permits or approvals. If Inkai does not receive approval to increase production, we will re-categorize half of its mineral reserves as mineral resources.

Notes

Estimates in the table:

- are based on the exchange rate at December 31, 2009 ($1.00 US=$1.05 Cdn)
- use an average uranium price of $54 (US)/lb U_3O_8

Totals may not add up due to rounding.

We do not expect these estimates to be materially affected by environmental, permitting, legal, title, taxation, socio-economic, political or marketing issues.

Resources
(100% – only the last column shows Cameco's share)

As at December 31, 2009

Measured and indicated
(tonnes in thousands; pounds in millions)

	Mining method	MEASURED Tonnes	MEASURED Grade % U_3O_8	MEASURED Content (lbs U_3O_8)	INDICATED Tonnes	INDICATED Grade % U_3O_8	INDICATED Content (lbs U_3O_8)	TOTAL MEASURED AND INDICATED Tonnes	TOTAL MEASURED AND INDICATED Grade % U_3O_8	TOTAL MEASURED AND INDICATED Content (lbs U_3O_8)	Cameco's share (lbs U_3O_8)
PROPERTY											
McArthur River	underground	162.9	6.39	22.9	39.9	8.37	7.4	202.8	6.78	30.3	21.1
Cigar Lake	underground	8.4	2.07	0.4	15.6	2.35	0.8	24.0	2.27	1.2	0.6
Rabbit Lake	underground				792.5	0.59	10.4	792.5	0.59	10.4	10.4
Dawn Lake	open pit, underground				347.0	1.69	12.9	347.0	1.69	12.9	7.4
Millennium	underground				468.9	4.53	46.8	468.9	4.53	46.8	19.6
Tamarack	underground				183.8	4.42	17.9	183.8	4.42	17.9	10.3
Inkai	ISR				13,291.0	0.07	21.9	13,291.0	0.07	21.9	13.1
Gas Hills-Peach	ISR	1,964.2	0.08	3.4	1,418.2	0.07	2.3	3,382.4	0.08	5.7	5.7
North Butte-Brown Ranch	ISR	762.1	0.08	1.4	4,012.0	0.07	6.0	4,774.1	0.07	7.4	7.4
Smith Ranch-Highland	ISR	2,834.9	0.10	6.0	13,170.9	0.06	17.0	16,005.8	0.07	23.0	23.0
Crow Butte	ISR	64.3	0.23	0.3	2,322.2	0.20	10.1	2,386.5	0.20	10.4	10.4
Ruby Ranch	ISR				2,215.3	0.08	4.1	2,215.3	0.08	4.1	4.1
Ruth	ISR				1,080.5	0.09	2.1	1,080.5	0.09	2.1	2.1
Shirley Basin	ISR	89.2	0.16	0.3	1,638.2	0.11	4.1	1,727.4	0.12	4.4	4.4
Total		**5,886.0**	—	**34.7**	**40,996.0**	—	**163.8**	**46,882.0**	—	**198.5**	**139.6**

Inferred

(tonnes in thousands; pounds in millions)

	Mining Method	Tonnes	Grade % U_3O_8	Content (lbs U_3O_8)	Cameco's share (lbs U_3O_8)
PROPERTY					
McArthur River	underground	604.2	11.97	159.4	111.3
Cigar Lake	underground	480.4	12.61	133.5	66.8
Rabbit Lake	underground	119.8	0.36	0.9	0.9
Millennium	underground	214.3	2.06	9.7	4.1
Tamarack	underground	45.6	1.02	1.0	0.6
Inkai	ISR	254,696.0	0.05	255.1	153.0
Gas Hills-Peach	ISR	861.5	0.07	1.3	1.3
North Butte-Brown Ranch	ISR	640.6	0.06	0.9	0.9
Smith Ranch-Highland	ISR	6,370.1	0.05	6.6	6.6
Crow Butte	ISR	2,843.7	0.11	6.7	6.7
Ruby Ranch	ISR	56.2	0.14	0.2	0.2
Ruth	ISR	210.9	0.08	0.4	0.4
Shirley Basin	ISR	508.0	0.10	1.1	1.1
Total		**267,651.3**	—	**576.8**	**353.9**

Notes

Resources do not include amounts that have been identified as reserves. Resources do not have demonstrated economic viability. Totals may not add up due to rounding.

Additional information

Related party transactions

We buy significant amounts of goods and services for our Saskatchewan mining operations from northern Saskatchewan suppliers, to support economic development in the region. One of these suppliers is Points Athabasca Contracting Ltd. (PACL). In 2009, we paid PACL $30.8 million for construction and contracting services (2008 — $38.5 million). These transactions were conducted in the normal course of business. A member of Cameco's board of directors is the president of PACL.

Critical accounting estimates

Because of the nature of our business, we are required to make estimates that affect the amount of assets and liabilities, revenues and expenses, commitments and contingencies we report.

We base our estimates on our experience, our best judgment, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and on assumptions we believe are reasonable. We believe the following critical accounting estimates reflect the more significant judgments used in the preparation of our financial statements.

Decommissioning and reclamation

We are required to estimate the cost of decommissioning and reclamation for each operation, but we normally do not incur these costs until an asset is nearing the end of its useful life. Regulatory requirements and decommissioning methods could change during that time, making our actual costs different from our estimates. A significant change in these costs or in our mineral reserves could have a material impact on our net earnings and financial position.

Property, plant and equipment

We depreciate property, plant and equipment primarily using the unit of production method, where the carrying value is reduced as resources are depleted. A change in our mineral reserves would change our depreciation expenses, and such a change could have a material impact on amounts charged to earnings.

We assess the carrying values of property, plant and equipment and goodwill every year, or more often if necessary. If we determine that we cannot recover the carrying value of an asset or goodwill, we write off the unrecoverable amount against current earnings. We base our assessment of recoverability on assumptions and judgments we make about future prices, production costs, our requirements for sustaining capital and our ability to economically recover mineral reserves. A material change in any of these assumptions could have a significant impact on the potential impairment of these assets.

Taxes

When we are preparing our financial statements, we estimate taxes in each jurisdiction we operate in, taking into consideration different tax rates, non-deductible expenses, valuation allowances, changes in tax laws and our expectations for future results.

We base our estimates of future income taxes on temporary differences between the assets and liabilities we report in our financial statements, and the assets and liabilities determined by the tax laws in the various countries we operate in. We record future income taxes in our financial statements based on our estimated future cash flows, which includes estimates of non-deductible expenses. If these estimates are not accurate, there could be a material impact on our net earnings and financial position.

Controls and procedures

We have evaluated the effectiveness of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2009, as required by the rules of the US Securities and Exchange Commission and the Canadian Securities Administrators.

Management, including our president and chief executive officer and our chief financial officer, supervised and participated in the evaluation, and concluded that our disclosure controls and procedures are effective to provide a reasonable level of assurance that the information we are required to disclose in reports we file or submit under securities laws is recorded, processed, summarized and reported accurately, and within the time periods specified. It should be noted that while the CEO and CFO believe that our disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect the disclosure controls and procedures or internal control over financial reporting to be capable of preventing all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management, including our president and chief executive officer and our chief financial officer, is responsible for establishing and maintaining internal control over financial reporting and conducted an evaluation of the effectiveness of our internal control over financial reporting based on the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2009. We have not made any change to our internal control over financial reporting during the 2009 fiscal year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

New accounting pronouncements

International financial reporting standards (IFRS)

The Accounting Standards Board requires Canadian publicly accountable enterprises to adopt IFRS effective January 1, 2011. Although IFRS has a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

We have developed a three-phase implementation plan that will ensure compliance and a smooth transition.

Senior management and the board's audit committee are actively involved in the process. A major public accounting firm has been engaged to provide technical accounting advice and project management guidance.

Phase 1: Preliminary study and diagnostic — completed in June 2008

During this phase, we:

- completed a high-level impact assessment
- prioritized areas to evaluate in phase 2
- developed a detailed plan for convergence and implementation
- determined which information technology systems need to be modified to meet IFRS reporting requirements. Necessary systems modifications have been tested and implemented as of June 30, 2009

Phase 2: Detailed component evaluation — in progress

During this phase, we are:

- assessing the impact of the adoption of IFRS on our results of operations, financial position and financial statement disclosures

- developing a detailed, systematic gap analysis of accounting and disclosure differences between Canadian GAAP and IFRS, which will help us make final decisions about accounting policies and our overall conversion strategy
- specifying all changes we need to make to existing business processes

See the detailed status below.

Phase 3: Embedding – in progress

During this final phase, we will:

- carry out the changes to our business processes
- receive the audit committee's approval of our accounting policy changes
- complete the training process for our audit committee, board members and staff
- collect the financial information we need to create our 2010 and 2011 financial statements under IFRS
- receive the board's approval of the new statements

Progress update

We are still evaluating some key accounting policy alternatives and implementation decisions, and have not yet determined the full accounting effects of adopting IFRS. We do not, however, expect that adopting IFRS will have a material impact on our consolidated financial statements.

Senior management and the audit committee have approved our IFRS accounting policies, but IFRS standards are evolving and may be different at the time of transition. The International Accounting Standards Board (IASB) has several projects underway that could affect the differences between Canadian GAAP and IFRS. For example, we expect that the standards for consolidation, liabilities, discontinued operations, financial instruments, employee benefits and joint ventures could change before we adopt IFRS, and that IFRS for income taxes may change at a later date. We have been monitoring and evaluating these changes, and our analysis incorporates the standards we expect to be in effect at the time of transition.

We currently expect IFRS to affect our consolidated financial statements in the following key areas:

Asset impairment

We use a two-step approach to test for impairment under Canadian GAAP:

- We compare the carrying value of the asset with undiscounted future cash flows to see whether there is an impairment.
- If there is an impairment, we measure it by comparing the carrying value of the asset with its fair value.

International Accounting Standard (IAS) 36, *Impairment of Assets*, takes a one-step approach:

- Compare the carrying value of the asset with either its fair value less costs to sell or its value in use — whichever is higher.

Value in use uses discounted future cash flows, and could result in more writedowns, but the effect of this could be lower because IAS 36 allows companies to reverse impairment losses (for everything except goodwill) if an impairment is reduced because circumstances have changed. Canadian GAAP does not allow companies to reverse impairment losses.

Employee benefits

We amortize past service costs on a straight-line basis over the expected average remaining service life of the plan participants under Canadian GAAP.

IAS 19, *Employee Benefits*, requires companies to expense the past service cost component of defined benefit plans on an accelerated basis. Vested past service costs must be expensed

immediately. Unvested past service costs must be recognized on a straight-line basis until the benefits vest. Companies will also recognize actuarial gains and losses directly in equity rather than through profit or loss.

IFRS 1, *First-Time Adoption of International Financial Reporting Standards* (IFRS 1), also allows companies to recognize all cumulative actuarial gains and losses in retained earnings at the transition date.

Share-based payments

We measure cash-settled, share-based payments to employees based on the intrinsic value of the award under Canadian GAAP. IFRS 2, *Share-Based Payments*, requires companies to measure payments at the award's fair value, both initially and at each reporting date.

We expect this difference to affect how we account for our phantom stock option plan.

Provisions (Including asset retirement obligations)

IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* , requires companies to recognize a provision when:

- there is a present obligation because of a past transaction or event
- it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and
- the obligation can be reliably estimated

Canadian GAAP uses the term "likely" in its recognition criteria, which is a higher threshold than "probable", so some contingent liabilities may be recognized under IFRS that were not recognized under Canadian GAAP.

IFRS also measures provisions differently. For example:

- When there is a range of equally possible outcomes, IFRS uses the midpoint of the range as the best estimate, while Canadian GAAP uses the low end of the range.
- Under IFRS, material provisions are discounted.

Joint ventures

We proportionately account for interests in jointly controlled enterprises under Canadian GAAP. The IASB has indicated that it expects to issue a new standard in 2010 that will replace IAS 31 *Interests in Joint Ventures*. It is considering Exposure Draft 9, *Joint Arrangements (ED 9)*, which proposes that an entity recognize its interest in a joint controlled enterprise using the equity method.

We expect to use the equity method to account for our joint venture interests when we transition to IFRS.

Income taxes

Under Canadian GAAP, we credit (or charge) income tax directly to equity only when it relates to items that we are crediting (or charging) directly to equity in the same period. IAS 12, *Income Taxes*, requires companies to credit (or charge) income tax directly to equity whether or not the related item is credited (or charged) directly to equity in the same period. That means we may have to recognize some income tax effects directly in equity rather than through net income or loss.

Under Canadian GAAP, we cannot recognize deferred tax for a temporary difference that arises from intercompany transactions. We record the taxes we pay or recover in these transactions as an asset or liability, and then recognize them as a tax expense when the asset leaves the group or is otherwise used. IAS 12 requires entities to recognize deferred taxes for temporary differences that arise from intercompany transactions, and to recognize taxes paid or recovered in these transactions in the period incurred.

The IASB may address these differences from GAAP in a fundamental review of income tax accounting at some time in the future, but this review is not likely to be soon.

First-time adoption of IFRS

IFRS 1 generally requires an entity to apply the new standards retrospectively at the end of its first IFRS reporting period, but there are some mandatory exceptions and some optional exemptions.

We are analyzing the options available to us, and currently expect to use the exemptions in the table below. This is a summary of the changes we currently believe will be most significant when we transition to IFRS – it is not a complete list of changes we will be required to make. We are still working on our analysis and have not made decisions about the accounting policies that are available. At this stage, we cannot reliably quantify the expected impacts of these differences on our consolidated financial statements.

Business combinations	We will have the option to apply IFRS 3, *Business Combinations,* retrospectively or prospectively. We plan to apply IFRS 3 prospectively to all business combinations that occurred before the transition date, except as required under IFRS 1.
Fair value as deemed cost	We will be able to choose to use the fair value of property, plant and equipment as deemed cost at the transition date, or to use the value determined under GAAP. We plan to use the historical bases under Canadian GAAP as deemed cost at the transition date.
Share-based payments	We will be able to apply IFRS 2, *Share-Based Payments,* to all equity instruments granted on or before November 7, 2002, and to those granted after November 7, 2002 only if they had not vested by the transition date. We plan to apply IFRS 2 to all equity instruments granted after November 7, 2002 that had not vested as of January 1, 2010, and to all liabilities arising from share-based payment transactions that existed at January 1, 2010.
Borrowing costs	We will be able to choose to apply IAS 23 retrospectively, using a date we specify, or to capitalize borrowing costs for all qualifying assets when capitalization begins on or after January 1, 2010. We plan to apply IAS 23 prospectively. For all qualifying assets, we will expense the borrowing costs we were capitalizing before January 1, 2010, and capitalize the borrowing costs that take effect on or after that date.
Employee benefits	IAS 19, *Employee Benefits*, requires entities to defer or amortize certain actuarial gains and losses, subject to certain provisions (corridor approach), or to immediately recognize them in equity. We will have the option of recognizing cumulative actuarial gains and losses on benefit plans in retained earnings at the transition date.
Differences in currency translation	IAS 21, *The Effects of Changes in Foreign Exchange Rates* , will require us to calculate currency translation differences retrospectively, from the date we formed or acquired a subsidiary or associate. IFRS 1 gives us the option of resetting cumulative translation gains and losses to zero at the transition date. We plan to reset all cumulative translation gains and losses to zero in retained earnings at the transition date.

Decommissioning liabilities	We will have the option of applying IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, retrospectively or prospectively. IFRIC 1 will require us to add or deduct a change in our obligations to dismantle, remove and restore items of property, plant and equipment, from the cost of the asset it relates to. The adjusted amount is then depreciated prospectively over the asset's remaining useful life. We plan to adopt IFRIC 1 prospectively at the transition date.

As we proceed with our transition, we are also assessing the impact on our internal controls over financial reporting, and on our disclosure controls and procedures. Changes in accounting policies or business processes could require the implementation of additional controls or procedures to ensure the integrity of our financial disclosures. We plan to design and test the effectiveness of new controls in 2010.

We conducted several educational and training sessions for our audit committee and the board of directors in 2009. During these sessions, management and external advisors provided the board with detailed background information on IFRS accounting standards (including IFRS 1 elections), the implications of policy choices on our financial reporting, and a preliminary view of the expected format and content of our financial statements and notes upon transition. Management gives the audit committee quarterly project status updates and presentations.

We began training management and accounting staff in 2008. Training is being delivered mainly by external advisors, and focusing on the accounting issues most relevant to Cameco. Sessions will continue throughout 2010.

Our transition plan includes the need to inform key external stakeholders about the anticipated impact of the IFRS transition on our financial reporting. In 2009, we provided an information update as part of our investor day presentations. We are planning further communications with the investment community in 2010.

We are also evaluating the impact of IFRS on our business activities in general. At this stage, we do not believe the adoption of IFRS will have a material effect on our risk management practices, hedging activities, capital requirements, compensation arrangements, compliance with debt covenants or other contractual commitments.

Business combinations

CICA Handbook Section 1582, *Business Combinations,* is effective for business combinations with an acquisition date after January 1, 2011. This standard specifies a number of changes, including: an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value and a requirement to recognize acquisition-related costs as expenses.

Consolidated financial statements

CICA Handbook Section 1601, *Consolidated Financial Statements,* which replaces the existing standard, is effective for periods beginning on or after January 1, 2011. This section establishes the standards for preparing consolidated financial statements.

Non-controlling interests in consolidated financial statements

CICA Handbook Section 1602, *Non-controlling Interests in Consolidated Financial Statements*, is effective for periods beginning on or after January 1, 2011. This section specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item

outside of equity. Section 1602 will be applied prospectively to all non-controlling interests, including any that arose before the effective date.

EXHIBIT 99.4

For fiscal years ended December 31, 2009 and December 31, 2008, KPMG LLP and its affiliates were paid by Cameco Corporation and its subsidiaries the following fees:

(Cdn$)	2009	% of Total Fees	2008	% of Total Fees
Audit Fees:				
Cameco	$1,756,900	49.2%	$1,388,760	44.6%
Centerra and other subsidiaries	978,600	27.4%	1,197,276	38.5%
Total Audit Fees	$2,735,500	76.6%	$2,586,036	83.1%
Audit-Related Fees:				
Cameco	$ 219,800	6.1%	$ 98,200	3.1%
Centerra and other subsidiaries	32,300	0.9%	—	—
Translation services	424,000	11.9%	170,000	5.5%
Pensions	—	—	15,000	0.5%
Total Audit-Related Fees	$ 676,100	18.9%	$ 283,200	9.1%
Tax Fees:				
Compliance	$ 40,000	1.1%	$ 121,500	3.9%
Planning and advice	122,400	3.4%	122,300	3.9%
Total Tax Fees	$ 162,400	4.5%	$ 243,800	7.8%
All Other Fees:	—	—	—	—
Total Fees:	$3,574,000	100.0%	$3,113,036	100.0%

Pre-Approval Policies and Procedures

As part of Cameco Corporation's corporate governance practices, under its audit committee charter, the audit committee is required to pre-approve the audit and non-audit services performed by the external auditors. The audit committee pre-approves the audit and non-audit services up to a maximum specified level of fees. If fees relating to audit and non-audit services are expected to exceed this level or if a type of audit or non-audit service is to be performed that previously has not been pre-approved, then separate pre-approval by Cameco Corporation's audit committee or audit committee chair, or in the absence of the audit committee chair, the chair of the board, is required. All pre-approvals granted pursuant to the delegated authority must be presented by the member(s) who granted the pre-approvals to the full audit committee at its next meeting. The audit committee has adopted a written policy to provide procedures to implement the foregoing principles. For each of the years ended December 31, 2009 and 2008, none of Cameco Corporation's Audit-Related Fees, Tax Fees or All Other Fees made use of the de minimis exception to pre-approval provisions contained in paragraph (c)(7)(i) of Rule 2-01 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission.

Contractual Cash Obligations

As at December 31, 2009 (Cdn$ millions)	Total	Due in Less Than 1 Year	Due in 1 — 3 Years	Due in 4 — 5 Years	Due After 5 Yrs
Long-term debt	**794**	—	—	—	794
BPLP capital lease [1]	**170**	12	28	34	96
Interest on long-term debt	**358**	42	85	85	146
Interest on BPLP capital lease [1]	**67**	12	22	17	16
Provision for reclamation	**495**	14	16	16	449
Other liabilities	**249**	—	1	—	248
Unconditional purchase commitments [1, 2]	**879**	140	334	370	35
Total contractual cash obligations	**3,012**	220	486	522	1,784

1 Denominated in US dollars, converted to Canadian dollars at the December 31, 2009 rate of Cdn$1.0466.

2 Virtually all of Cameco Corporation's purchase commitments are under long-term, fixed-price arrangements.

Commercial Commitments

As at December 31, 2009 (Cdn$ millions)	Total amounts committed
Standby letters of credit [1]	592
BPLP guarantees [2]	87
Total commercial commitments	679

1 The standby letters of credit maturing in 2010 were issued with a one-year term and will be automatically renewed on a year-by-year basis until the underlying obligations are resolved. These obligations are primarily the decommissioning and reclamation of Cameco Corporation's mining and conversion facilities. As such, the letters of credit are expected to remain outstanding well into the future.

2 At December 31, 2009, Cameco Corporation's total commitment for financial assurances given on behalf of BPLP was estimated to be Cdn$87 million. Refer to note 26 in the 2009 consolidated audited financial statements.

EXHIBIT 99.6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Cameco Corporation

We have audited Cameco Corporation's ("the Corporation") internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's discussion and analysis. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A corporation's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the corporation are being made only in accordance with authorizations of management and directors of the corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have conducted our audits on the consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Our report dated February 23, 2010 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Chartered Accountants

Saskatoon, Canada

February 23, 2010

EXHIBIT 99.7

CAMECO CORPORATION

RECONCILIATION TO UNITED STATES GAAP

December 31, 2009

KPMG LLP
Chartered Accountants
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Canada

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AUDITORS' REPORT ON RECONCILIATION TO UNITED STATES GAAP

To the Board of Directors of Cameco Corporation

On February 23, 2010, we reported on the consolidated balance sheets of Cameco Corporation ("the Corporation") as at December 31, 2009 and 2008 and the consolidated statements of earnings, shareholders' equity, comprehensive income, accumulated other comprehensive income and cash flows for each of the years ended December 31, 2009 and 2008. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related supplemental note entitled "Reconciliation to United States GAAP". This supplemental note is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this supplemental note based on our audits.

In our opinion, such supplemental note, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Chartered Accountants

Saskatoon, Canada

February 23, 2010

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

Reconciliation to United States GAAP

The consolidated financial statements of Cameco are expressed in Canadian dollars in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The following adjustments and disclosures would be required in order to present these consolidated financial statements in accordance with accounting principles generally accepted in the United States (US GAAP).

(a) Reconciliation of earnings under Canadian GAAP to earnings determined under US GAAP:

		(Recast [e])
	2009	**2008**
Earnings from continuing operations under Canadian GAAP	**$716,997**	**$366,149**
Add (deduct) adjustments for [d]:		
Pre-operating costs (i)	1,512	1,512
Stock-based compensation (iii)	(3,044)	(65,628)
In-process research and development (viii)	18,294	(92,736)
Income tax effect of adjustments	(2,881)	42,509
Minority interest in loss under Canadian GAAP 1	(3,035)	(245)
Earnings from continuing operations under US GAAP	**727,843**	**251,561**
Earnings from discontinued operations under Canadian GAAP	**382,425**	**83,968**
Add adjustment for:		
Earnings from discontinued operations [e]	93,173	73,823
Earnings from discontinued operations under US GAAP	**475,598**	**157,791**
Net earnings under US GAAP	**$1,203,441**	**$409,352**
Less net loss attributable to non-controlling interests 1		
Continuing operations	3,035	245
Discontinued operations [e]	(61,433)	(66,244)
	(58,398)	(65,999)
Net earnings attributable to common shareholders under US GAAP	**$1,145,043**	**$343,353**
Other comprehensive income:		
Comprehensive income under Canadian GAAP	**$974,970**	**$511,832**
Adjustments to net earnings attributable to common shareholders under US GAAP	45,621	(106,764)
Add (deduct) adjustments for [d]:		
Unamortized actuarial gain (iv)	(37,006)	144,795
Unamortized actuarial gain transferred to net earnings (iv)	(27,712)	(22,026)
Foreign currency translation adjustments (viii)	12,995	(18,240)
Comprehensive income under US GAAP	**$968,868**	**$509,597**
Net earnings per share under US GAAP		
Basic		
Continuing operations	**$1.87**	**$0.72**
Discontinued operations	**1.08**	**0.26**
	$2.95	**$0.98**
Diluted		
Continuing operations	**$1.87**	**$0.72**
Discontinued operations	**1.07**	**0.26**
	$2.94	**$0.98**

1 As required by Statement of Financial Accounting Standards (SFAS) No. 160, Non-controlling Interests in Consolidated Financial Statements, the company has reclassified its non-controlling interests on the statements of earnings and balance sheets.

(b) Comparison of balance sheet items determined in accordance with Canadian GAAP to balance sheet items determined in accordance with US GAAP:

(i) Balance Sheets

	2009		(Recast [e]) 2008	
	Canadian GAAP	**US GAAP**	**Canadian GAAP**	**US GAAP**
Current assets [d(v)]	$2,527,741	$2,258,854	$1,177,692	$954,487
Current assets — discontinued operations	—	—	1,176,056	1,104,795
Property, plant and equipment [d(v)]	4,068,103	3,531,905	3,932,658	3,379,966
Intangible assets	97,713	97,713	101,442	101,442
Long-term receivables, investments and other [d(v)(viii)]	648,545	699,337	622,753	701,645
Total assets	**$7,342,102**	**$6,587,809**	**$7,010,601**	**$6,242,335**
Current liabilities [d(v)]	$763,057	$657,266	$822,724	$721,099
Current liabilities — discontinued operations	—	—	743,323	703,802
Long-term debt [d(v)]	952,853	793,842	1,212,982	1,042,374
Provision for reclamation	296,896	296,896	313,203	313,203
Other liabilities [d(v)]	187,072	60,547	179,880	78,484
Deferred income taxes	134,356	40,553	83,848	(5,163)
	2,334,234	1,849,104	3,355,960	2,853,799
Minority interest	164,040	—	141,018	—
Shareholders' equity				
Share capital [d(vi)]	1,512,461	1,499,531	1,062,714	1,049,784
Contributed surplus	131,577	124,123	131,858	121,360
Non-controlling interest[1]	—	164,040	—	141,018
Retained earnings	3,158,506	3,016,846	2,153,315	1,966,034
Accumulated other comprehensive income				
- net actuarial loss [d(iv)]	—	(10,538)	—	(5,903)
- equity investment net actuarial loss [d(iv)]	—	(110,785)	—	(50,365)
- equity investment prior service cost [d(iv)]	—	(1,772)	—	(2,109)
- cumulative translation account [d(ii)(viii)]	(50,398)	(34,422)	65,342	68,323
- hedges and derivative instruments	109,308	109,308	101,654	101,654
- available-for-sale securities	(17,626)	(17,626)	(1,260)	(1,260)
Total accumulated other comprehensive income	41,284	(65,835)	165,736	110,340
Total shareholders' equity	4,843,828	4,738,705	3,513,623	3,388,536
Total liabilities and shareholders' equity	**$7,342,102**	**$6,587,809**	**$7,010,601**	**$6,242,335**

1 As required by Statement of Financial Accounting Standards (SFAS) No. 160, Non-controlling Interests in Consolidated Financial Statements, the company has reclassified its non-controlling interests on the statements of earnings and balance sheets.

(ii) Components of accounts payable and accrued liabilities are as follows:

Accounts payable	$438,012	$339,390	$402,359	$304,849
Taxes and royalties payable	50,386	91,143	57,934	89,691
Accrued liabilities	46,266	46,266	54,417	54,417
Total accounts payable and accrued liabilities	**$534,664**	**$476,799**	**$514,710**	**$448,957**

(c) The effects of these adjustments would result in the consolidated statements of cash flows reporting the following under US GAAP:

	2009	2008
Cash provided by operations	$660,757	$540,108
Cash provided by (used in) investing	255,837	(1,064,681)
Cash provided by financing	127,795	558,670

Included within the cash provided by investing activities for 2009 is $871,300,000 related to the disposition of the interest in Centerra Gold Inc. (Centerra). There are no cash flows from discontinued operations contained within cash provided by operations or financing activities.

(d) A description of certain significant differences between Canadian GAAP and US GAAP follows:

(i) Pre-Operating Costs

Under Canadian GAAP, pre-operating costs incurred during the commissioning phase of a new project are deferred until commercial production levels are achieved, subject to time limitations. Under US GAAP, such costs are expensed as incurred. McArthur River commercial production commenced March 1, 2000 for US GAAP and November 1, 2000 for Canadian GAAP. Differences in capitalized costs are amortized over the estimated lives of the assets to which they relate.

(ii) Cumulative Translation Account

Prior to 2007, under US GAAP, exchange gains and losses of any foreign currency debt designated as hedges of net investments in subsidiaries were included in comprehensive income. Cumulative amounts were included in accumulated other comprehensive income on the balance sheet. Adjustments from prior years related to this difference amount to $21,222,000.

(iii) Stock-Based Compensation

In 2007, Cameco amended its stock option program, introducing a cash settlement feature for the exercise of employee stock options. Under Canadian GAAP, options that include a cash settlement feature are classified as liabilities and carried at their intrinsic value. The intrinsic value is marked to market each period with an offsetting adjustment to expense. Under US GAAP, the liabilities are required to be measured at their fair value each period with an offsetting adjustment to expense. For US GAAP purposes, the fair value of the options was determined using the Black-Scholes option-pricing model. As a result of the difference, compensation expense for US GAAP purposes for 2007 was reduced by $76,126,000.

In November 2008, Cameco amended its stock option program, removing the cash settlement feature for the exercise of employee stock options. Under both Canadian and US GAAP, options that do not include a cash settlement feature are classified as equity and measured at their grant date fair value. The Black-Scholes option-pricing model was used to determine the fair value of the options as at the date of amendment. It was determined that compensation expense previously recorded under Canadian GAAP was in excess of the fair value of the outstanding options. Thus, no charges or recoveries were recorded under Canadian GAAP as a result of this amendment. The expense recorded under US GAAP, while the cash settlement option was in effect, was lower than the grant date fair value of the outstanding options. The reversal of the recovery of stock compensation costs as a result of the use of the intrinsic value model under Canadian GAAP at a time when Cameco's share price was declining results in an increase expense for US GAAP purposes of $3,044,000 in 2009 (2008 — $65,628,000). The cumulative Canadian-US GAAP difference for stock-based compensation expense is $7,454,000, of which

$2,202,000 is a permanent difference. The remaining $5,252,000 is a temporary difference and future expenses under US GAAP will be increased by that amount.

As of December 31, 2009, Cameco had stock-based compensation costs relating to unvested stock option awards that have not yet been recognized in the amount of $3,186,000 (2008 — $4,469,000), net of estimated forfeitures. The compensation cost will be recognized on a straight-line basis over the remaining vesting periods of the awards.

(iv) Pension and Other Post-Retirement Benefits

In September 2006, the FASB issued Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Post-Retirement Plans (FAS 158), an amendment of FASB Statements No. 87, 88, 106 and 132(R). FAS 158 requires an entity to recognize the funded status of a benefit plan in the balance sheet and to recognize the existing unrecognized net gains and losses, unrecognized prior service costs, and unrecognized net transition assets in other comprehensive income. There is no similar requirement under Canadian GAAP.

For the Cameco benefit plan, a loss of $4,635,000 was included in other comprehensive income (2008 — a gain of $1,709,000). For the BPLP benefit plan, a loss of $50,624,000 was included in other comprehensive income (2008 — a gain of $121,060,000).

The rate used to discount pension and other post-retirement benefit plan obligations was based on the AA high quality Canadian corporate bond yield curve at December 31, 2009, as developed by third party actuaries. The estimated future cash flows for the pension and other post-retirement obligations were matched to the corresponding spot rates on this yield curve to derive a representative single discount rate.

In 2009, the Ontario provincial government enacted amendments that provided for a reduction in the general corporate income tax rate for business operating in the province of Ontario. The cumulative effect on the income tax liability related to the 2009 adjustments to other comprehensive income for pension and other post-retirement benefits was an increase of $9,460,000.

(v) Investment in Bruce Power L.P. (BPLP)

Under Canadian GAAP, Cameco accounts for its interest in BPLP by the proportionate consolidation method. Under US GAAP, Cameco is required to equity account for its investment and record in earnings its proportionate share of their net earnings measured in accordance with US GAAP.

(vi) Convertible Debentures

Under US GAAP, convertible debentures are to be classified entirely as debt rather than equity. Due to the difference, accretion related to the equity component of convertible debentures for Canadian GAAP has been reversed for US GAAP purposes. Since all interest related to the debentures was being capitalized under both US and Canadian GAAP, the adjustments affected only the balance sheet. The convertible debentures were converted to common shares in October 2008. In comparison to Canadian GAAP, the cumulative differences on the US GAAP balance sheet were to decrease share capital by $12,930,000 and property, plant and equipment by $12,930,000.

(vii) Income Taxes

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	2009	2008
Balance, beginning of year	$34,487	$20,587
Additions based on tax positions related to the current year	3,369	3,161
Additions for tax positions of prior years	10,295	11,839
Reductions for tax positions of prior years	(5,064)	(1,100)
Balance, end of year	$43,087	$34,487

All of the tax benefits included in the table would, if recognized, impact the effective income tax rate. It is Cameco's policy to classify interest and penalties associated with unrecognized tax benefits, if any, in income tax expense. For the years ended December 31, 2008 and 2009, there were no amounts accrued for penalties or interest expense.

Cameco and its subsidiaries file tax returns in several jurisdictions. At December 31, 2009, the significant jurisdictions and the tax years subject to examination by tax authorities were as follows:

	Years
Canada	2005 - present
United States	2006 - present
Switzerland	2008 - present
Barbados	2001 - present

(viii) Investment in GE-Hitachi Global Laser Enrichment LLC (GLE)

Effective June 19, 2008, Cameco acquired a 24% interest in GLE. In total, $94,727,000 of the purchase price has been allocated to in-process research and development (IPR&D). Under Canadian GAAP, IPR&D is capitalized and amortized over the period until the project commences commercial production. Under Canadian GAAP, these expenditures are being amortized over a period of 8.5 years, with all amounts amortized by December 31, 2016. Under US GAAP, any portion of the purchase price allocated to research and development activities for which there is no alternative future use must be expensed on the acquisition date. Under US GAAP, the expense for 2009 has been decreased by $18,294,000 (2008 — increased by $92,736,000). As a result, the carrying value of the investment is lower under US GAAP which causes a foreign currency translation difference in the amount of $5,245,000 (2008 — $18,240,000), which has been recorded in the cumulative translation account.

(e) Sale of Centerra Gold Inc. (Centerra)

On December 30, 2009, Cameco completed a public offering of 88,618,472 common shares of Centerra for net proceeds of approximately $871,000,000 and, for Canadian GAAP purposes, recorded a net gain of $374,000,000. Concurrent with this offering, Cameco transferred an additional 25,300,000 common shares of Centerra to Kyrgyzaltyn pursuant to the agreement that Cameco entered into with the Government of the Kyrgyz Republic on April 24, 2009. As a result of the closing of the public offering, and the transfer of the Centerra common shares to Kyrgyzaltyn, Cameco has disposed of its entire interest in Centerra. For US GAAP purposes, Cameco recorded an incremental gain on disposition of $23,570,000 which represents the remaining book value of Centerra's net assets under US GAAP.

The assets and liabilities related to the discontinued operations have been reclassified as assets or liabilities of discontinued operations on the consolidated balance sheets. Operating results related to the discontinued operations have been included in earnings from discontinued operations on the consolidated statements of earnings. Comparative period balances have been restated.

Financial Results of Discontinued Operations

The results of the operations of Centerra are presented under "discontinued operations" on the consolidated statements of earnings. The following table presents the components of the US GAAP adjustments related to the discontinued operations amounts:

	2009	2008
Sale of Centerra	$23,570	—
Operating earnings	69,603	73,823
Earnings from discontinued operations	$93,173	$73,823

The incremental gain of $23,570,000 was comprised of amounts related to unamortized stripping costs ($12,819,000), previously unvalued gold ore stockpiles ($8,787,000) and future income tax assets acquired on acquisition of Centerra ($1,964,000).

The following table presents the components of the US GAAP adjustments related to the operating results of Centerra:

	2009	2008
Stripping costs	$18,929	$11,560
Income tax (expense) recovery	(3,426)	2,463
Reclassification of non-controlling interest	54,100	59,800
Operating earnings	$69,603	$73,823

Under Canadian GAAP, stripping costs incurred during the production phase by mining companies to remove overburden and other mine waste materials in order to access mineral deposits, can be either expensed or capitalized given the specifics of the situation. Under US GAAP, stripping costs are deemed to be variable production costs that should be included in the costs of the inventory produced during the period that the stripping costs are incurred. No stripping costs were incurred in 2009 (2008 — $13,835,000) and capitalized at Centerra's mines under Canadian GAAP. Under US GAAP, adjustments were made to expense these amounts. Differences in capitalized costs are amortized over the estimated lives of the assets to which they relate. In 2009, an adjustment was made to reduce the amount of depreciation charged to earnings by $18,929,000 (2008 — $25,395,000). A charge for non-controlling interest in the amount of $7,333,000 (2008 — $6,444,000) is included in the net loss attributable to non-controlling interests.

As required by Statement of Financial Accounting Standards (SFAS) No. 160, Non-controlling Interests in Consolidated Financial Statements, the company has reclassified its non-controlling interests on the statements of earnings and balance sheets. Accordingly, minority interest of $54,100,000 (2008 — $59,800,000) included in discontinued operations under Canadian GAAP has been reclassified as net loss attributable to non-controlling interest.

COMMENTS BY AUDITORS FOR US READERS ON CANADA — US REPORTING DIFFERENCES

To the Board of Directors of Cameco Corporation

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph):

- that refers to the audit report on the Corporation's internal control over financial reporting. Our report to the shareholders dated February 23, 2010 is expressed in accordance with Canadian reporting standards, which do not require a reference to the auditors' report on the Corporation's internal control over financial reporting in the auditors' report on the consolidated financial statements.
- when there is a change in accounting principles that has a material effect on the comparability of the Corporation's financial statements such as the changes described in note 3(b)(iii) to the consolidated financial statements. Our report to the shareholders dated February 23, 2010 is expressed in accordance with Canadian reporting standards, which do not require a reference to changes in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the financial statements.

/s/ KPMG LLP

Chartered Accountants

Saskatoon, Canada

February 23, 2010

EXHIBIT 99.8

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Cameco Corporation

We consent to the inclusion in this annual report on Form 40-F of:

- our auditors' report dated February 23, 2010 on the consolidated balance sheets of Cameco Corporation (the "Corporation") as at December 31, 2009 and 2008, and the consolidated statements of earnings, shareholders' equity, comprehensive income and cash flows for each of the years in the 2-year period ended December 31, 2009,
- our Comments by Auditors for US Readers on Canada-US Reporting Differences, dated February 23, 2010,
- our auditors' report on reconciliation to United States GAAP dated February 23, 2010, and
- our Report of Independent Registered Public Accounting Firm dated February 23, 2010 on the Corporation's internal control over financial reporting as of December 31, 2009,

each of which is contained in this annual report on Form 40-F of the Corporation for the fiscal year ended December 31, 2009.

We also consent to the incorporation by reference of such reports in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

/s/ KPMG LLP

Chartered Accountants

Saskatoon, Canada

March 31, 2010

EXHIBIT 99.9

I, Gerald W. Grandey, certify that:

1. I have reviewed this annual report on Form 40-F of Cameco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2010

/s/ *Gerald W. Grandey*
Name: Gerald W. Grandey
Title: President & Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 99.10

I, O. Kim Goheen, certify that:

1. I have reviewed this annual report on Form 40-F of Cameco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2010

/s/ *O. Kim Goheen*

Name: O. Kim Goheen
Title: Senior Vice-President &
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 99.11

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cameco Corporation (the "Company") on Form 40-F for the year ended December 31, 2009, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald W. Grandey, President & Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ *Gerald W. Grandey*
Name: Gerald W. Grandey
Title: President & Chief Executive Officer

March 31, 2010

EXHIBIT 99.12

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cameco Corporation (the "Company") on Form 40-F for the year ended December 31, 2009, as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, O. Kim Goheen, Senior Vice-President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ *O. Kim Goheen*
Name: O. Kim Goheen
Title: Senior Vice-President & Chief Financial Officer

March 31, 2010

EXHIBIT 99.13

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Mining Properties — McArthur River", "The Nuclear Business — Mining Properties — Inkai", "The Nuclear Business — Development Projects — Cigar Lake" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the McArthur River/Key Lake, Inkai and Cigar Lake properties; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the McArthur River/Key Lake, Cigar Lake and Inkai properties,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *Alain G. Mainville*

Name: Alain G. Mainville, P. Geo.
Title: Director, Mineral Resources Management, Cameco Corporation

Date: March 31, 2010

EXHIBIT 99.14

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Mining Properties — Inkai", and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2008 dated March 31, 2010 for the Inkai property; and

(b) under the headings "Our Mineral Reserves and Resources — Mineral Reserves and Resources" and "Qualified Persons" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2008 dated February 23, 2010 for the Inkai property,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *Charles Foldenauer*

Name: Charles Foldenauer, P. Eng.
Title: General Deputy Director, Operations, Joint Venture Inkai Limited Liability Partnership

Date: March 31, 2010

EXHIBIT 99.15

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Development Projects — Cigar Lake" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the Cigar Lake property; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the Cigar Lake property,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *Grant J. H. Goddard*

Name: Grant J. H. Goddard, P. Eng.
Title: General Manager, Cigar Lake project, Cameco Corporation

Date: March 31, 2010

EXHIBIT 99.16

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Mining Properties — McArthur River", "The Nuclear Business — Development Projects — Cigar Lake" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the McArthur River/Key Lake and the Cigar Lake properties; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the McArthur River/Key Lake and the Cigar Lake properties,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *Lorne Schwartz*

Name: Lorne Schwartz, P. Eng.
Title: Chief Metallurgist, Cameco Corporation

Date: March 31, 2010

EXHIBIT 99.17

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Development Projects — Cigar Lake" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the Cigar Lake property; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the Cigar Lake property,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *C. Scott Bishop*

Name: C. Scott Bishop, P. Eng.
Title: Chief Mine Engineer, Cigar Lake project, Cameco Corporation

Date: March 31, 2010

EXHIBIT 99.18

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Mining Properties — McArthur River" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the McArthur River/Key Lake properties; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the McArthur River/Key Lake properties,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *Gregory M. Murdock*

Name: Gregory M. Murdock, P. Eng.
Title: Technical Superintendent, McArthur River, Cameco Corporation
Date: March 31, 2010

EXHIBIT 99.19

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Mining Properties — McArthur River" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the McArthur River/Key Lake properties; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the McArthur River/Key Lake properties,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *David Bronkhorst*

Name: David Bronkhorst, P. Eng.
Title: General Manager, McArthur River, Cameco Corporation

Date: March 31, 2010

EXHIBIT 99.20

CONSENT OF EXPERT

Reference is made to the Annual Report on Form 40-F (the "Form 40-F") of Cameco Corporation (the "Corporation") to be filed with the United States Securities and Exchange Commission pursuant to the United States Securities Exchange Act of 1934, as amended.

I hereby consent to reference to my name and my involvement in the preparation of, or supervision of the preparation of, scientific and technical information in the following instances:

(a) under the headings "The Nuclear Business — Reserves and Resources", "The Nuclear Business — Mining Properties — McArthur River" and "Interest of Experts" in the Corporation's Annual Information Form for the year ended December 31, 2009 dated March 31, 2010 for the McArthur River/Key Lake properties; and

(b) under the heading "Reserves and Resources" in Management's Discussion and Analysis of Financial Condition and Results of Operation for the year ended December 31, 2009 dated February 23, 2010 for the McArthur River/Key Lake properties,

(collectively the "Technical Information") in the Form 40-F, and to the inclusion and incorporation by reference of information derived from the Technical Information in the Form 40-F.

I also hereby consent to the incorporation by reference of such Technical Information in the registration statements (Nos. 333-11736, 333-6180 and 333-139165) on Form S-8 for the Cameco Corporation Stock Option Plan, and registration statement (No. 333-139324) on Form S-8 for the Cameco Corporation Employee Share Ownership Plan.

Sincerely,

/s/ *Leslie (Les) D. Yesnik*

Name: Leslie (Les) D. Yesnik, P. Eng.
Title: General Manager, Key Lake operations, Cameco Corporation

Date: March 31, 2010