Uranium Supply & Market Update

2014 Pacific Basin Nuclear Conference

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Outline

- Market Update
- Demand
- Supply
  - Existing sources
  - Future potential
Uranium Market Background

- Supply/demand statistics
  - existing primary supply
    - 2013 ~155 M lbs
    - Top 4 producers ~60% share
  - consumption estimates
    - 2013 ~165 M lbs
    - 2023 ~240 M lbs

- Market activity (average since 2005)
  - term ~175 M lbs per year (20 M in ’13)
  - spot ~40 M lbs per year (50 M in ‘13)

Source: Cameco & UxC
Current Market Status

- Over supply in near-term
  - slow pace of Japanese reactor restarts
  - US reactor shutdowns, South Korea reactor shutdowns, general construction delays
  - primary and secondary supply solid; continued ramp in Kazakhstan
  - but primary supply under market pressure

- Near-term market driven by discretionary demand

- Watch list
  - large supply projects have significant influence
  - excess inventory - Japan and China
Electricity Demand Growing

- Dependable, clean, baseload power needed
- Nuclear’s share of generation expected to keep pace with overall energy growth

**World Electricity Consumption (TWh)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-OECD</th>
<th>OECD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>5,710</td>
<td></td>
<td>5,710</td>
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<tr>
<td>1990</td>
<td>10,085</td>
<td></td>
<td>10,085</td>
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<tr>
<td>2011</td>
<td>19,005</td>
<td></td>
<td>19,005</td>
</tr>
<tr>
<td>2035</td>
<td>32,150</td>
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<td>32,150</td>
</tr>
</tbody>
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Consumption Outpaces Production

- Average uranium consumption growth of 4% per year to 2023
- Existing production to decline over the decade

Source: Cameco
10 largest uranium mines account for ~50% of world production

- McArthur River, Canada: 20.1 m lbs
- Inkai, Kazakhstan: 5.3 m lbs
- Priargunsky, Russia: 5.5 m lbs
- Katco, Kazakhstan: 9.3 m lbs
- Langer Heinrich, Namibia: 5.4 m lbs
- Olympic Dam, Australia: 8.8 m lbs
- Ranger, Australia: 6.5 m lbs
- Budenovskoye 2, Kazakhstan: 5.5 m lbs
- Rossing, Namibia: 5.3 m lbs
- Arlit, Niger: 7.1 m lbs

Source: Cameco
Supply Sources
Secondary Supplies

- Inventories
  - investor inventories
  - producer and utility inventory reductions
  - underfed uranium at enrichers
  - government inventories

- Weapons
  - Russian HEU

- Recycled
  - reprocessed uranium
  - mixed oxide fuel (MOX)
  - re-enriched tails
Uranium Supply/Demand
2014 - 2023

- ~15% of demand will need to be filled by new supply
- Cameco controls 25% of existing production (including Cigar Lake)

*Excludes projects under construction

Source: Cameco
Future Supply Pipeline

- Cigar Lake, Canada
  Mine production commenced in Q1 2014

- Inkai Blocks 1 & 2,
  Inkai Block 3, Kazakhstan

- Ranger 3 Deeps,
  Australia

- Yeelirrie, Australia

- Husab, Namibia
  (Under Development)

- Millennium, Canada

- Imouraren, Niger

- Kazakh Expansions

- Mkuju River,
  Tanzania

- Ranger 3 Deeps,
  Australia

- Kintyre, Australia

- Yeelirrie, Australia

- High influence projects under
devlopment or planned for long
term security of supply
Factors Impacting Future Supply

- **Demand growth**
  - Restart of plants in Japan
  - Pace of growth in China, India, Russia, the Middle East

- **Price recovery**
  - Price signals to incent new supply development

- **Project competitiveness**
  - Cost structure and technical feasibility
  - Resource size and location
  - Regulatory/community environment

- **Project execution**
  - Managing cost/schedule
  - Market fit and appetite for market risk
Conclusion

- Continued uncertainty in near-term uranium market
- Long-term fundamentals remain positive
- New supply will be required
Questions?