

CAMECO CORPORATION

Q4/15 Earnings miss; 2016 revenue guidance lower; Target price reduced

EVENT

Cameco released its Q4/15 financial results that missed both consensus and Cantor Fitzgerald forecasts.

BOTTOM LINE

Negative – Not only did earnings miss but guidance for 2016 revenues calls for a reduction of up to 5% relative to 2015. We expect the weaker Canadian dollar versus the U.S. dollar to continue to help Cameco as its unfavourable currency hedges roll off. We reiterate our Buy recommendation and are lowering our target price to \$23.95 per share from \$26.15 per share, or by 8%.

FOCUS POINTS

- **Adj. EPS below estimates** – The Company reported Q4/15 adjusted EPS of \$0.38/share, which was below our forecast of \$0.48/share and the consensus estimate of \$0.47/share. Revenues of \$975M topped our estimate of \$893M and that of consensus which totalled \$847M.
- **Production & pricing higher** – Operationally, total production volumes of 9.6M lbs. U₃O₈ was above our estimate of 8.6M lbs., the variance was due largely because of higher production out of Cigar Lake (2.3M lbs) and Rabbit Lake (2.0M lbs). Average realized pricing was above our forecast. Cameco averaged US\$46.36/lb. (CF estimate of \$43.00/lb.) compared to the spot's average of US\$35.09/lb. or long term price of US\$44/lb.

2016 Guidance– Aside from guiding on revenue, FY16 uranium production is expected to total 30M lbs., slightly below our prior forecast of 31.8M lbs. Capex has been set at \$320M compared to \$359M last year.

Recommendation:

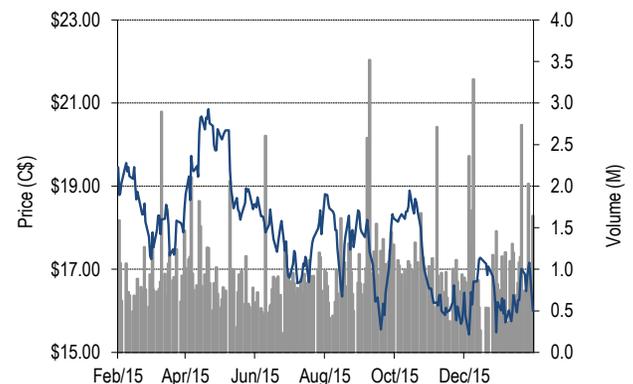
BUY

Symbol/Exchange:	CCO/TSX; CCJ/NYSE
Sector:	Metals and Mining
<i>All dollar values in C\$ unless otherwise noted.</i>	
Current price	\$16.00; US\$11.48
One year target:	C\$23.95↓
Return target	50%
Market Capitalization	\$6.4B
Cash on hand	\$459M
Yield	2.5%

Company Summary

Shares O/S (M)	396.6	52-week range	\$15.43- 23.51	
Market cap (\$M)	\$6,366.1	Avg. weekly vol. (000)	4.757	
Market float (\$M)	\$6,359.7	Fiscal year-end	31-Dec	
	2015A	2016E	2017E	2018E
Uranium Production (M lbs)	28.4	30.0	32.8	34.5
Revenue (\$M)	2,754.4	3,030.4	4,384.0	4,809.4
Operating Cost (\$M)	2,057.3	2,324.6	2,520.8	2,658.1
Avg Cost (US\$/lb)	\$33.85	\$30.35	\$29.50	\$30.50
EBITDA (\$M)	775.9	728.1	1,917.2	2,217.0
EPS	\$0.86	\$1.21	\$3.12	\$3.72
CFPS	\$1.32	\$1.84	\$4.78	\$5.52

Source: Company Reports and Cantor Fitzgerald Estimates



Company profile: Cameco Corporation is a world leader in uranium mining and processing, with additional exposure to fuel trading. Cameco's uranium mines and projects are situated predominantly in Canada, the U.S., Kazakhstan and Australia.

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See disclosure and a description of our recommendation structure at the end of this report.

PRODUCTION AND REVENUES HIGHER BUT ADJUSTED EARNINGS MISS

Operationally, total production volumes of 9.6M lbs. U₃O₈ during the quarter were above our estimate of 8.6M lbs., the variance was due largely to higher production out of Cigar Lake (2.3M lbs.) and Rabbit Lake (2.0M lbs.) compared to what we were forecasting (1.5M lbs. and 1.7M lbs. respectively). This was somewhat offset by lower than expected production out of McArthur River/Key Lake (3.8M lbs. vs our estimate of 4.2M lbs.).

Aided by a weaker \$CAD, revenues of \$975M topped our estimate of \$893M and consensus estimates totaling \$847M. One of the largest contributors to Cameco's miss relative to our forecast was due to costs. Its' operating costs of \$581M were 18.5% higher than our figure of \$490.4M and was notably higher sequentially (+31.8% QoQ) and from the same period last year (+12.9% YoY).

Cameco reported an adjusted EPS figure of \$0.38/share (adjusted earnings of \$151M), which was below our forecast of \$0.48/share and the consensus estimate of \$0.47/share. This came after adjustments, the larger items being an impairment charge to Rabbit Lake of \$210M and income tax adjustments of \$59M. Otherwise, the net earnings would have totalled a diluted loss per share of \$0.03 (on earnings of -\$10M).

Please see Appendix A below for the full variance table.

WEAKER \$CAD LEADS TO RECORD ANNUAL REVENUE AND REALIZED PRICE.

Cameco noted that uranium revenues this year were up by 5% compared to 2014 due to an increase of 10% in the Canadian dollar average realized price, partially offset by a decrease in sales volumes of 4%. Average realized pricing was above our forecast, during the quarter Cameco averaged US\$46.36/lb. (Cantor Fitzgerald estimate of \$43.00/lb.) compared to the spot's average of US\$35.09/lb. and the long term price of US\$44/lb. In \$CAD terms, the average realized price for the quarter totalled \$61.24/lb. as compared to \$56.07/lb. in the prior quarter (or \$56.78/lb. in Q4/14). The average cash cost per pound came in at \$16.04/lb. vs. our estimate of \$23.37/lb. The figure also marks an improvement from Q3/15's \$17.56/lb.

Average unit cost of sales including depreciation and amortization came in at \$CAD38.25/lb., which is lower than the \$CAD40.16/lb. in the previous quarter but higher than the \$CAD34.27/lb. posted in Q4/14.

Note that Cameco's risk management policy allows for hedging of 35% to 100% of the expected net exposure over a rolling 60-month period. The normal company practice is to hedge over a three- to four year period by hedging 50% to 80% of net exposure in the first 12 months with decreasing hedge ratios in subsequent years. For Q4/15, greater losses on foreign exchange derivatives resulted from a weakening \$CAD. Cameco noted that for 2016, an increase of \$5/lb in each of the Ux spot price (currently \$34.55/lb) and the Ux long-term price indicator (currently \$44.00/lb) would change revenue by \$72M and net earnings by \$56M. Conversely, a decrease of \$5/lb would decrease revenue by \$69M and net earnings by \$54M. All figures are in \$USD. A one cent change in the value of the \$CAD versus the \$USD would change adjusted net earnings by

\$8M and cash flow by \$1M, with a decrease in the value of the \$CAD versus the \$USD having a positive impact.

While this does serve to dampen the benefits of the current \$CAD/\$USD exchange rate, this impact will roll off as older hedges at less favourable terms mature and contracts closer to the current exchange rate environment are put in place.

OPERATING HIGHLIGHTS FROM CORE ASSETS

McArthur River/Key Lake

Q4/15 production of 3.8M lbs was below our estimate of 4.2M lbs largely due to unplanned maintenance on the calciner. FY15 production totalled 13.3M lbs (all figures being Cameco's share) while guidance for FY16 calls for 14.0M lbs.

Recall that at McArthur River and Key Lake, the CNSC ("Canadian Nuclear Safety Commission") has already approved an increase in Cameco's licensed production limit to 25M lbs per year (100% basis). At McArthur River, Cameco continues to successfully transition into new mine areas through mine development and investment in support infrastructure. Last year, underground drilling further delineated the Zone A mineral resources. Underground definition drilling of Zone B will be conducted in 2016 and 2017 to provide the information required for engineering work to develop a more detailed mining plans.

Cigar Lake

Q4/15 production of 2.3M lbs was above our estimate of 1.5M lbs. Cameco's share of FY2015 production amounted to 5.7M lbs. The operation exceeded Cameco's initial forecast of 10M lbs (100% basis) as a result of higher productivity and the ability to adjust annual production as necessary. In 2016, Cameco expects to produce 8.0M (or 16.0M lbs on a 100% basis).

Additional estimated expenditures of \$50.0M (100% basis, Cameco's share being \$25M) are expected at the McClean Lake mill in 2016, primarily to complete upgrades in the tailings neutralization area in support of the continued ramp up to full production of 18M lbs/year by 2017.

Inkai

At Inkai, Q4/15 production of 1.1M lbs was above our estimate of 0.9M lbs. Total production from Inkai during 2015 amounted to 5.8M lbs, with Cameco's share totaling 3.4M lbs. During 2015, the subsoil use law in Kazakhstan was amended to allow producers to produce within 20% (above or below) their licensed capacity in a year. Cameco expects total production from blocks 1 and 2 to be 5.2M lbs in 2016; with Cameco's share totaling 3.0M lbs.

Exhibit 1. Quarterly Uranium Production & Guidance (Cameco's share)

(M Lbs)	CF		Guidance		CF
	Q4/15a	Q4/15e	Q4/14a	FY 2015a	FY2016e
McArthur River/Key Lake	3.8	4.2	4.4	13.3	14.0
Cigar Lake	2.3	1.5	0.2	5.7	8.0
Inkai	1.1	0.9	0.7	3.4	3.0
Rabbit Lake	2.0	1.7	2.1	4.2	3.6
Smith Ranch-Highland	0.3	0.3	0.6	1.4	1.2
Crow Butte	0.1	0.0	0.2	0.4	0.2
Total	9.6	8.6	8.2	28.4	30.0

Source: Cameco Corporation

Note that from the table above, production from Cigar Lake is subject to regulatory approval for an annual production limit increase at the McClean Lake mill. Recall that the McClean Lake mill's operating licence currently has an annual production limit of 13.0M lbs. AREVA has submitted an application to the CNSC to increase the mill's licensed annual production limit.

FUEL SERVICES & NUKEM

Total revenue from Fuel Services decreased by 21% during the quarter, due to a 39% decrease in sales volumes, partially offset by a 29% increase in average realized selling price. The total cost of sales (including D&A) decreased by 28% (\$78M compared to \$109M in the fourth quarter of 2014) mainly due to a 39% decrease in sales volumes, partially offset by an increase of 16% in the average unit cost of sales, primarily as a result of the mix of products sold.

During FY2015, the total cost of products and services sold (including D&A) decreased by 4% compared to 2014 (\$258M compared to \$268M in 2014), as a 12% decrease in sales volumes was partially offset by a 9% increase in the average unit cost of sales (including D&A). When compared to 2014, the average unit cost of sales was 9% higher due to the mix of fuel services products sold.

NUKEM delivered 3.7M lbs of uranium during the quarter, an increase of 0.3M lbs when compared to 2014. NUKEM revenues amounted to \$192M compared to \$159M in 2014 due to an increase in volumes delivered.

During FY2015, NUKEM delivered 10.7 M lbs of uranium, an increase of 2.6M lbs compared to the previous year due to an increase in market activity. Revenues from NUKEM amounted to \$554M, 59% higher than in 2014 as a result of higher sales volumes and an increase in the average realized price, mainly due to weakening of the \$CAD. The gross profit percentage was 8% for 2015, compared to 6% for 2014.

2016 GUIDANCE

Updated FY2015 guidance was provided with revenues expected to decrease by up to 5% versus FY2015 on a consolidated basis. Total production has been set at 30M lbs., with Cigar Lake now contributing 8.0M lbs. (both figures are Cameco's share) while deliveries are expected at between 30.0-32.0M lbs. Lastly, tax recoveries for the year are forecast to be 25% to 30%.

FY 2016 capital expenditures have declined to \$320M, compared to \$359M during 2015. The majority of the capital spending will be for the core tier one

assets with Cigar Lake receiving \$45M (sustaining and replacement capital) and McArthur River/Key Lake receiving \$85M (sustaining and replacement capital). Inkai will be budgeted for at \$20M. The exploration budget has increased by 15% to 20%, a total of \$85M will be earmarked for growth capital.

Exhibit 2. FY 2016 Guidance

	CONSOLIDATED	URANIUM	FUEL SERVICES	NUKEM
Production	-	30.0 million lbs	8 to 9 million kgU	-
Delivery volume¹	-	30 to 32 million lbs ²	Decrease up to 5%	9 to 10 million lbs U ₃ O ₈
Revenue compared to 2015³	Decrease up to 5%	Decrease up to 5% ⁴	Increase up to 5%	Increase 5% to 10%
Average unit cost of sales (including D&A)	-	Increase up to 5% ⁵	Increase 10% to 15%	-
Direct administration costs compared to 2015⁶	Increase 5% to 10%	-	-	-
Gross profit	-	-	-	Gross profit 4% to 5%
Exploration costs compared to 2015	-	Increase 15% to 20%	-	-
Tax rate⁷	Recovery of 25% to 30%	-	-	-
Capital expenditures	\$320 million	-	-	-

¹ Our 2016 outlook for delivery volume in our uranium and NUKEM segments does not include sales between our uranium, fuel services and NUKEM segments.
² Our uranium delivery volume is based on the volumes we currently have commitments to deliver under contract in 2016.
³ For comparison of our 2016 outlook and 2015 results for revenue in our uranium and NUKEM segments, we do not include sales between our uranium, fuel services and NUKEM segments.
⁴ Based on a uranium spot price of \$34.65 (US) per pound (the Ux spot price as of February 1, 2016), a long-term price indicator of \$44.00 (US) per pound (the Ux long-term indicator on January 25, 2016) and an exchange rate of \$1.00 (US) for \$1.25 (Cdn).
⁵ This increase is based on the unit cost of sales for produced material and committed long-term purchases. If we make discretionary purchases in 2016, then we expect the overall unit cost of sales may be affected.
⁶ Direct administration costs do not include stock-based compensation expenses.
⁷ Our outlook for the tax rate is based on adjusted net earnings.

Source: Cameco Corporation

CANADA REVENUE AGENCY & I.R.S. RECAP

With regards to the Canada Revenue Agency (“CRA”) dispute, we recap the issues below and note that a hearing for tax re-assessment years 2003-2006 has been set for the end of September, concluding sometime in April 2017. A final ruling will likely be announced in 2018.

Since 2008, CRA has disputed Cameco’s corporate structure and the related transfer pricing methodology used for certain intercompany uranium sale and purchase agreements. To the end of 2014, Cameco has received notices of reassessment for the years 2003 through 2009 tax returns, and, in Q4/15, received a notice of reassessment for the 2010 tax year. Cameco has recorded a cumulative tax provision of \$50M (September 30, 2015 - \$92M), where an argument could be made that its transfer price may have fallen outside of an appropriate range of pricing in uranium contracts for the period from 2003 through 2015.

Note that the provision amount was reduced in Q4/15 to reflect management’s revised estimate, which takes into account additional contract information. Cameco remains confident that it will be successful in the case and that the ultimate resolution of this matter will not be material to the company’s financial position. We view this move positively as it underscores the confidence management has in its case.

For the years 2003 through 2009, the CRA issued notices of reassessment for approximately \$3.4B of additional income for Canadian tax purposes, which would result in a related tax expense of about \$1.1B. CRA has also issued notices of reassessment for transfer pricing penalties for the years 2007 through

2009 in the amount of \$229M. The Canadian income tax rules include provisions that require larger companies such as Cameco to remit 50% of the cash tax plus related interest and penalties at the time of reassessment. To date, under these provisions, after applying elective deductions, Cameco has paid a net amount of \$232M cash. Additionally, Cameco has provided \$332M in letters of credit to secure 50% of the cash taxes and related interest amounts reassessed in 2015 (exhibit 3).

Exhibit 3. Cameco Payments to the Government of Canada

YEAR PAID (\$ MILLIONS)	CASH TAXES	INTEREST	TRANSFER	TOTAL	CASH	SECURED BY
		AND INSTALMENT	PRICING			
		PENALTIES	PENALTIES		REMITTANCE	LC
Prior to 2013	-	13	-	13	13	-
2013	1	9	36	46	46	-
2014	106	47	-	153	153	-
2015	202	71	79	352	20	332
Total	309	140	115	564	232	332

Source: Cameco Corporation

Using this methodology that Cameco believes CRA will continue to apply, and including the \$3.4B already reassessed, Cameco continues to expect notices of reassessment for a total of approximately \$7.0B of additional taxable income in Canada for the years 2003 through 2015, which would result in a related tax expense of approximately \$2.1B. Additionally, the CRA may continue to apply transfer pricing penalties to subsequent taxation years beyond 2009. As a result, Cameco estimates that cash taxes and transfer pricing penalties for these years would be between \$1.65B and \$1.70B. Lastly, Cameco estimates there would be interest and instalment penalties applied that would be material. While in dispute, Cameco would be responsible for remitting or otherwise providing security for 50% of the cash taxes and transfer pricing penalties (between \$825M and \$850M), plus related interest and instalment penalties assessed which are material to Cameco.,

Exhibit 4. Actual amounts paid and estimated potential amounts owing

\$ MILLIONS	2003-2015	2016-2017	2018-2023	TOTAL
50% of cash taxes and transfer pricing penalties paid, secured or owing in the period				
Cash payments	156	155 - 180	30 - 55	335 - 360
Secured by letters of credit	264	95 - 120	20 - 45	425 - 450
Total paid¹	420	255 - 280	65 - 90	825 - 850

¹ These amounts do not include interest and instalment penalties, which totaled approximately \$140 million to December 31, 2015.

Source: Cameco Corporation

Secondly, in Q4/15 Cameco received a Revenue Agents Report (RAR) from the IRS for the tax years 2010 to 2012. Similar to the 2009 RAR received in Q1/15, the IRS is challenging the transfer pricing used under certain intercompany transactions pertaining to the 2010 to 2012 tax years for certain of Cameco’s US subsidiaries. The 2009 and 2010 to 2012 RARs list the adjustments proposed by the IRS and calculate the tax and any penalties owing based on the proposed adjustments. The current position of the IRS is that a portion of the non-US income reported under Cameco’s corporate structure and taxed in non US jurisdictions should be recognized and taxed in the US.

The proposed adjustments result in an increase in taxable income in the US of approximately USD\$419M and a corresponding increased income tax expense of approximately USD\$122M for the 2009 through 2012 taxation years, with interest being charged thereon. In addition, the IRS proposed cumulative penalties of approximately USD\$8M in respect of the adjustment.

Cameco management earlier pointed out that the IRS’ interpretation of Cameco’s transfer pricing situation is different from the CRA’s in that the IRS does not dispute the mechanism itself but the prices used. This highlights the different interpretations that two tax authorities have on the same issue – one where there are OECD guidelines to help unify situations such as these. This is one of the key items supporting Cameco’s view that the CRA is incorrect in its re-assessments.

We note that Cameco currently has low leverage, cash (\$458M) on its balance sheet, has access to multiple undrawn credit facilities and has the ability to reduce capital expenditures if an unfavourable ruling causes it to pay a meaningful penalty amount.

Exhibit 5. Overview of Disputes

	CRA	IRS
Basis for dispute	<ul style="list-style-type: none"> • Corporate structure/governance • Transfer pricing methodology used for certain intercompany uranium sale and purchase agreements • Allocates Cameco Europe Ltd. (CEL) income (as adjusted) for 2003 through 2010 to Canada (same income we paid tax on in foreign jurisdictions and includes income that IRS is proposing to tax) 	<ul style="list-style-type: none"> • Income earned on sales of uranium by the US mines to CEL is inadequate • Compensation earned by Cameco Inc., one of our US subsidiaries, is inadequate • Allocates a portion of CEL’s income for the years 2009 through 2012 to the US (a portion of the same income we paid tax on in foreign jurisdictions and which the CRA is proposing to tax)
Years under consideration	<ul style="list-style-type: none"> • CRA reassessed 2003 to 2010 • Auditing 2011 to 2012 	<ul style="list-style-type: none"> • IRS has proposed adjustments for 2009 through 2012
Timing of resolution	<ul style="list-style-type: none"> • Expect our appeal of the 2003, 2005 and 2006 reassessments to commence during the week of September 26, 2016, with final arguments expected in April 2017 • Expect Tax Court decision six to 18 months after completion of trial 	<ul style="list-style-type: none"> • Contesting proposed adjustments in an administrative appeal • We cannot yet provide an estimate as to the timeline for resolution
Required payments	<ul style="list-style-type: none"> • Expect to provide security in form of letters of credit and/or make cash payments for 50% of cash taxes, interest and penalties as reassessed • Paid \$232 million in cash to date • Secured \$332 million using letters of credit 	<ul style="list-style-type: none"> • No security or cash payments required while under administrative appeal

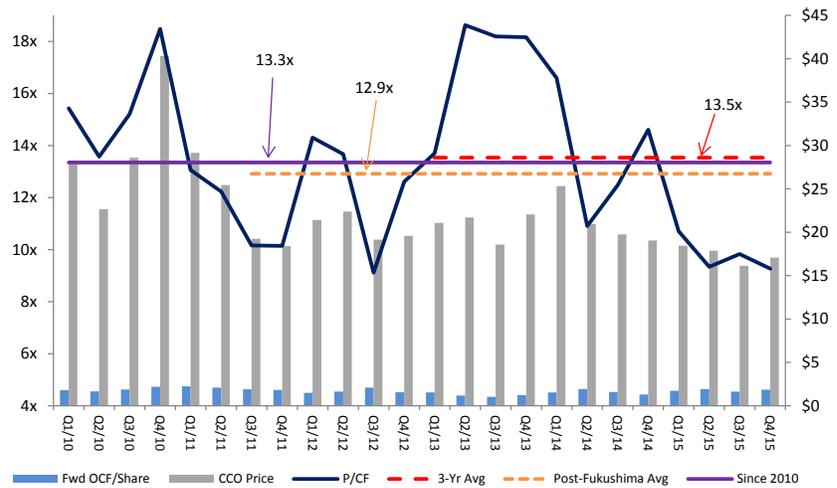
Source: Cameco Corporation

RECOMMENDATION AND VALUATION

We are maintaining our Buy recommendation but are lowering our target price to \$23.95 per share from \$26.15 per share, or 8%. Our target price is based on a 13x multiple to our forward cash flow estimate of (\$1.84/share).

Note that historically, Cameco has traded at an average multiple of 12.9x-13.3x with 12.9x being the average in its post-Fukushima life. As of the end of Q4/15, CCO traded at a 9.3x multiple to our forward cash flow estimate. In fact, based on its last closing price of C\$16.00 per share, its current 8.7x multiple is the lowest it has been since the beginning of 2010 and below the trough valuations seen post Fukushima.

Exhibit 6. Historical Price to Forward Cash Flow



Source: Cantor Fitzgerald Canada Research

Exhibit 7. Cameco NAV

Projects	Cameco Corporation		Comment
	NAV (\$C Millions)	Per Share	
Uranium, Fuel Services, and Nukem Divisions	12,189.3	\$30.80	2016 DCF @ 8% Discount Rate
Wheeler River/Millennium/Kintyre	2,714.0	\$6.86	In-Situ Valuations
UEX Corp.	6.2	\$0.02	22.58% Ownership at a 20% discount
Working Capital	1,512.3	\$3.82	Q4/15 Financials
Total	16,421.8	\$41.49	

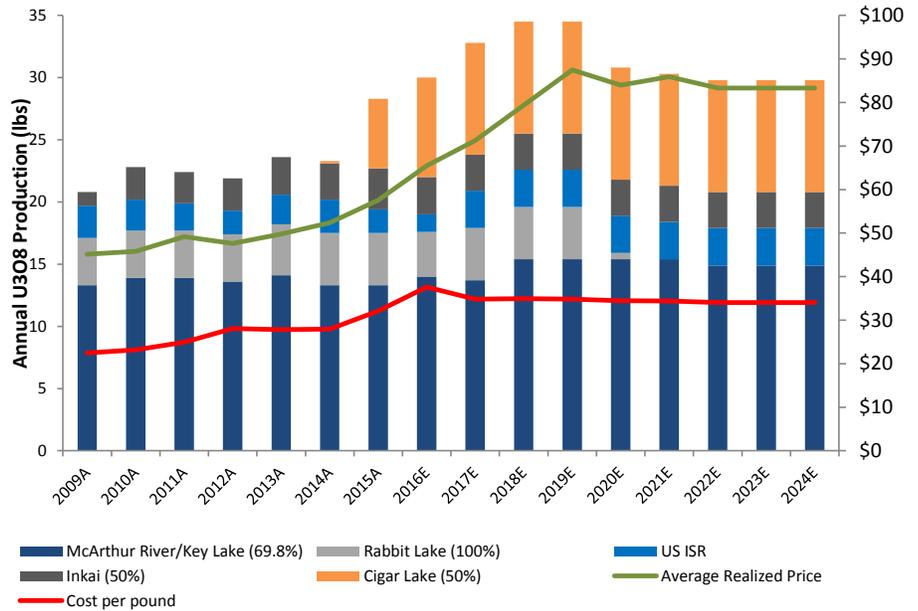
Source: Cantor Fitzgerald Canada Research

Exhibit 8. Uranium Price History and Forecast

	2013A	2014A	2015A	2016E	2017E	2018E	2019E	2020E
U3O8 Price	\$38.17	\$33.21	\$36.55	\$41.88	\$57.50	\$70.00	\$80.00	\$80.00

Source: Cantor Fitzgerald Canada Research and TradeTech

Exhibit 9. Uranium Production, Realized Price and Cost Profile



Source: Cantor Fitzgerald Canada Research

APPENDIX A: VARIANCE TABLE

Exhibit 10. Q4/15 Variance Table

	Reported Q4/ 15A	CF Estimates Q4/ 15E	Variance with Est. % Change	Reported Q3/ 15A	Variance Qtr-over-Qtr % Change	Reported Q4/ 14A	Variance Yr-over-Yr % Change
INCOME STATEMENT (in C\$ 000's)							
Total revenue	975,040.0	892,781.9	9.2%	649,050.0	50.2%	889,196.0	9.7%
Operating costs	581,120.0	490,367.7	18.5%	440,822.0	31.8%	514,739.0	12.9%
Gross margin	393,920.0	402,414.2	-2.1%	208,228.0	89.2%	374,457.0	5.2%
Gross margin %	40.4%	45.1%		32.1%		42.1%	
Depreciation and amortization	112,103.0	97,206.3	15.3%	75,137.0	49.2%	122,989.0	-8.9%
General and administrative	55,018.0	53,412.3	3.0%	40,120.0	37.1%	54,461.0	1.0%
Exploration	7,307.0	11,284.8	-35.2%	9,681.0	-24.5%	11,803.0	-38.1%
Research and development	1,722.0	179.0	NM	1,571.0	9.6%	1,732.0	-0.6%
Gain on sale of assets	(446.0)	(446.0)	NM	2.0	NM	37,590.0	NM
Other expenses	212,126.0	-	NM	-	NM	130,698.0	62.3%
Operating earnings	6,090.0	240,777.9	-97.5%	81,717.0	-92.5%	15,184.0	-59.9%
Net Finance Expenses	(26,459.0)	(15,983.1)	NM	(25,172.0)	NM	(7,739.0)	NM
Share of Earnings (loss) from BPLP	-	-	NM	-	NM	1,929.0	NM
Other expense	(47,710.0)	-	NM	(96,019.0)	NM	(13,638.0)	NM
Net earnings before tax	(68,079.0)	224,794.7	NM	(39,474.0)	NM	(4,264.0)	NM
Income tax (reversal) expense	(57,603.0)	31,625.6	NM	(35,116.0)	NM	(76,443.0)	NM
Tax rate	84.6%	14.1%	NM	89.0%	-4.9%	1792.8%	-95.3%
Net earnings (as reported)	(10,476.0)	193,169.2	NM	(4,358.0)	NM	72,179.0	NM
Adjustments	160,714.0	-	NM	82,000.0	96.0%	132,000.0	21.8%
Adjusted earnings	150,238.0	193,169.2	-22.2%	77,642.0	93.5%	205,581.0	-26.9%
Operating EPS	\$0.02	\$0.61	-97.5%	\$0.21	-92.6%	\$0.04	-59.9%
Earnings Per Share - Basic	-\$0.03	\$0.49	NM	-\$0.01	NM	\$0.18	NM
Adjusted Earnings Per Share - Basic	\$0.38	\$0.49	-22.2%	\$0.20	93.5%	\$0.52	-27.0%
Adjusted Earnings Per Share - Fully Diluted	\$0.37	\$0.48	-22.2%	\$0.19	93.6%	\$0.51	-26.9%

Source: Cameco and Cantor Fitzgerald Canada Estimates

Source: Cameco Corporation, Cantor Fitzgerald Canada estimates

APPENDIX B: FINANCIAL STATEMENT ANALYSIS

Exhibit 11. Cash Flow Analysis

*In C\$ Millions	2014A	2015A	2016E	2017E	2018E	2019E
Cash Flows from Operations						
Net Income	183,413	63,362	479,571	1,173,298	1,406,607	1,735,026
Adjustments	296,769	386,648	265,347	672,719	731,270	785,214
	480,182	450,010	744,918	1,846,017	2,137,877	2,520,240
Cash Flows from Investments						
Additions to property, plant & equipment	-480,108	-358,562	-320,000	-350,000	-295,000	-111,100
Other	459,366	17,775	0	0	0	0
	-20,742	-340,787	-320,000	-350,000	-295,000	-111,100
Cash Flows from Financings						
Change in Debt	145,430	-10	0	0	0	-496,152
Issuance of Shares/Stock Option Plan	6,228	0	0	0	0	0
Other	-235,550	-227,820	-158,317	-158,317	-158,317	-158,317
	-83,892	-227,830	-158,317	-158,317	-158,317	-654,469
Net Change in Cash	375,548	-118,607	266,601	1,337,700	1,684,560	1,754,671

Source: Cameco Corporation, Cantor Fitzgerald Canada Estimates

Exhibit 12. Balance Sheet Analysis

*In C\$ Millions	2014A	2015A	2016E	2017E	2018E	2019E
Current Assets						
Cash & Equivalents	566,583	458,604	725,205	2,062,905	3,747,465	5,502,136
Other	1,501,123	1,725,361	1,725,361	1,725,361	1,725,361	1,725,361
	2,067,706	2,183,965	2,450,566	3,788,266	5,472,826	7,227,497
Fixed Assets						
Property, Plant and Equipment	5,291,021	5,228,160	5,267,226	5,315,492	5,295,158	5,090,924
Other	1,113,940	1,382,512	1,382,512	1,382,512	1,382,512	1,382,512
	6,404,961	6,610,672	6,649,738	6,698,004	6,677,670	6,473,436
Total Assets	8,472,667	8,794,637	9,100,304	10,486,270	12,150,496	13,700,933
Current Liabilities						
Accounts Payable	316,258	317,856	317,856	317,856	317,856	317,856
Other	199,556	353,781	353,781	353,781	353,781	353,781
	515,814	671,637	671,637	671,637	671,637	671,637
Non-Current Liabilities						
Long Term Debt	1,491,198	1,492,237	1,492,237	1,492,237	1,492,237	996,085
Other	1,021,851	1,085,484	1,085,484	1,085,484	1,085,484	1,085,484
	2,513,049	2,577,721	2,577,721	2,577,721	2,577,721	2,081,569
Shareholders' Equity						
Share Capital	1,862,646	1,862,646	1,862,646	1,862,646	1,862,646	1,862,646
Other	3,581,158	3,682,633	3,988,300	5,374,266	7,038,492	9,085,081
	5,443,804	5,545,279	5,850,946	7,236,912	8,901,138	10,947,727
Total Liabilities and Equity	8,472,667	8,794,637	9,100,304	10,486,270	12,150,496	13,700,933

Source: Cameco Corporation, Cantor Fitzgerald Canada Estimates

Exhibit 13. Profit and Loss Analysis

*In C\$ Millions	2014A	2015A	2016E	2017E	2018E	2019E
Revenue	2,397,532	2,754,378	3,030,440	4,233,178	4,650,641	5,097,313
Operating Expenses	1,420,768	1,744,815	2,043,672	2,143,441	2,267,156	2,329,558
Depreciation	338,983	312,518	280,934	301,734	315,334	315,334
Gross Profit	637,781	697,045	705,834	1,788,003	2,068,151	2,452,421
Exploration	46,565	40,259	48,311	48,311	48,311	48,311
Other	552,884	411,211	210,393	212,262	214,150	216,057
Earnings from Operations	38,332	245,575	447,131	1,527,430	1,805,690	2,188,053
Finance Cost	-77,122	-103,615	-68,060	-68,060	-68,060	-56,745
Interest	234,552	428,458	131,534	128,868	115,491	76,016
EBT	-119,098	-79,268	383,657	1,466,622	1,758,259	2,168,782
Tax	-175,268	-142,630	-95,914	293,324	351,652	433,756
Net Income	56,170	63,362	479,571	1,173,298	1,406,607	1,735,026
EPS	1.04	0.86	1.21	2.96	3.55	4.38

Source: Cameco Corporation, Cantor Fitzgerald Canada Estimates

APPENDIX A: RESOURCE INVENTORY

Exhibit 14. Cameco Global Resource & Reserve Inventory

Property	Mining Method	Proven & Probable			Measured & Indicated				Inferred			Totals
		Tonnes (x1000)	% U3O8	lbs (M) U3O8 Attributable	Tonnes (x1000)	% U3O8	lbs (M) U3O8 Attributable	Tonnes (x1000)	% U3O8	lbs (M) U3O8 Attributable	Global lbs (M) Attributable	
McArthur River	underground	1,395.1	10.94	234.9	66.8	3.77	3.9	344.2	7.72	40.9	279.7	
Cigar Lake	underground	601.8	16.70	110.9	20.2	7.39	1.6	284.7	16.43	51.6	164.1	
Rabbit Lake	underground	913.5	0.59	11.9	1,402.7	0.86	26.7	2,645.6	0.57	33.7	72.3	
Key Lake	open pit	61.1	0.52	0.6							0.6	
Millennium	underground				1,442.6	2.39	53.0	412.4	3.19	20.2	73.2	
Wheeler River	underground				166.4	19.13	21.1	842.5	2.38	13.2	34.3	
Fox Lake	underground							386.7	7.99	53.3	53.3	
Tamarack	underground				183.8	4.42	10.3	45.6	1.02	0.6	10.9	
Athabasca Basin		2,971.5		358.3	3,282.5		116.6	4,961.7		213.5	688.4	
Inkai	ISR	51,615.9	0.07	43.1	31,366.1	0.08	30.3	250,958.6	0.05	144.3	217.7	
Gas Hills-Peach	ISR				4,313.3	0.14	13.3	3,307.5	0.08	6.0	19.3	
North Butte-Brown Ranch	ISR	1,018.0	0.08	1.8	5,762.9	0.07	8.8	294.5	0.07	0.4	11.0	
Smith Ranch-Highland	ISR	2,998.8	0.09	6.2	15,580.0	0.05	19.8	6,861.0	0.05	7.7	33.7	
Crow Butte	ISR	412.5	0.08	0.7	2,773.1	0.25	15.2	1,135.2	0.12	2.9	18.8	
Ruby Ranch	ISR				2,215.3	0.08	4.1	56.2	0.14	0.2	4.3	
Shirley Basin	ISR				1,727.4	0.12	4.4	508.0	0.10	1.1	5.5	
US ISR		4,429.3		8.7	32,372.0		65.6	12,162.4		18.3	92.6	
Yeelirrie	open pit				36,640.0	0.02	127.3	0.0	0.00	0.0	127.3	
Kintyre	open pit				3,897.7	0.62	37.5	517.1	0.53	4.2	41.7	
Australia					40,537.7		164.8	517.1		4.2	169.0	
Total		59,016.7		410.1	107,558.3		377.3	268,599.8		380.3	1,167.7	

Source: Cameco Corporation

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