

## **BRIEFING NOTE**

### **Cameco's Interests in Kazakhstan**

#### **SUBJECT**

Cameco has a significant uranium production operation (Inkai) in Kazakhstan through a joint venture arrangement with Kazatomprom, the Kazakh state-owned enterprise. This note provides some context for Cameco's commercial interests in Kazakhstan prior to your visit.

#### **KEY POINTS**

- Kazakhstan is a very important country to the future of the uranium industry, the nuclear energy sector and Cameco directly.
- Today Cameco is the largest Canadian investor and employer in Kazakhstan.
- Since 2009, Cameco has served on the Kazakhstan Foreign Investors' Council and is the co-chair of the newly formed Kazakhstan Canada Business Council (KCBC) to further enhance economic and bilateral relations between the two countries.
- Cameco is hoping to grow both its commercial interests and uranium production in Kazakhstan.
- As a country where government-to-government relationships are very important, it is always a benefit to Cameco to have senior representation from the Government of Canada visit Kazakhstan and lend support to our standing as a trusted corporate citizen.

#### **ABOUT CAMECO**

- Headquartered in Saskatoon, Saskatchewan, Cameco is one of the world's largest producers of uranium for nuclear energy, accounting for about 18% of total global production. The vast majority is sourced from its Canadian mines and mills in northern Saskatchewan, although the company also produces in the United States and Kazakhstan.
- In addition, Cameco is a leading provider of nuclear fuel services, with value-added uranium processing facilities located in Blind River, Port Hope and Cobourg, Ontario.
- Cameco plays a major role in the energy equations of many countries. Cameco's uranium powers 1 in every 10 households in Canada and 1 in every 18 in the United States.
- Cameco currently employs 4,500 people in Canada through direct employees and long-term contractors. With nearly one-third of its workforce comprised of individuals of First Nations or Métis heritage, the company is Canada's largest industrial employer of Aboriginal people.
- Earlier this year, Cameco was ranked as "Canada's most sustainable company" through a comprehensive international evaluation by the Global Knights organization.

## **CAMECO'S INVOLVEMENT IN KAZAKHSTAN**

- In 1992, Cameco became one of the first companies from the Western world to venture into Kazakhstan following the dissolution of the Soviet Union.
- Cameco is presently a partner in the Inkai Joint Venture with Kazatomprom. Inkai is an in-situ recovery uranium mine located on a sizeable uranium reserve in southern Kazakhstan. There are two production areas (blocks 1 and 2) and an exploration area (block 3).
- The operation currently employs 585 local people, producing 5.8 million pounds of uranium concentrate in 2015.
- Cameco is the largest Canadian investor in Kazakhstan. Since 1992, Cameco has provided financing of approximately \$475 million (US) for the development of JV Inkai's current operations and exploration areas.
- A deal to restructure the terms of the JV Inkai Joint Venture was struck in May 2016. The terms included:
  - An annual production capacity expansion out to 2045
  - An increase in Kazatomprom's ownership share to 60% from 40%
  - An agreement to undertake a feasibility study to evaluate the design construction and operation of a uranium refinery in Kazakhstan
  - The transfer of refining and conversion technology
  - A 10-year conversion services agreement for up to 4.3 million KgU annually at a cost-based fee
- In 2009, Cameco became the first Canadian company to gain membership to the Kazakhstan Foreign Investors' Council (FIC), an advisory body comprised of major international corporations with business interests in the country chaired by the President of Kazakhstan.
- Cameco is the co-chair of the newly formed Kazakhstan Canada Business Council to further enhance the economic and bilateral relationship between the two countries.
- In 2013, a Nuclear Cooperation Agreement (NCA) was signed between Canada and Kazakhstan, paving the way for increased cooperation between the two countries.

## **KAZAKHSTAN'S ROLE IN URANIUM AND NUCLEAR**

- Kazakhstan is currently the world's largest uranium producing jurisdiction, accounting for about 40% of total global production. In addition to uranium, the country is rich in other resources such as oil and gas, as well as agricultural production.
- Kazakhstan has become a global leader in nuclear non-proliferation efforts, following decades of devastation it endured as the test site for the Soviet nuclear weapons program.
- The ninth largest country by land mass, Kazakhstan has become an important nation geopolitically in a complex region of the world, bordering Russia to the north, China to the east, and various "stan" countries to the south, with Afghanistan and Iran right below them.

## **THE IMPORTANCE OF GOVERNMENT-TO-GOVERNMENT RELATIONS**

- Kazakhstan is a country where government-to-government relationships remain incredibly important, even influencing the success of business and trade on a commercial level.
- Building on its long-term presence in the country, Cameco is hoping to grow its commercial interests and its production in Kazakhstan.
- It is always of benefit to Cameco to have senior representation from the Government of Canada visit Kazakhstan and lend support to our standing as a trusted Canadian corporate citizen and support the company in its ongoing commercial efforts in Kazakhstan.