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December 5, 2007

Paul Michalak  
U.S. Nuclear Regulatory Commission  
Two White Flint North  
11545 Rockville Pike, T7E18  
Rockville, MD 20852-2738

RE: Source Material License SUA-1548, Docket No. 40-8964  
Cameco plans for expansion of U. S. operations

Dear Mr. Michalak:

Please find attached a press release issued by Cameco concerning plans for expansion of their United States uranium operations over the next few years. The press release demonstrates Cameco's commitment to its long range goals and the part played by its United States interests. The plan is ambitious and will entail numerous submittals for approval from various agencies.

If you should have any questions, please contact me at 307-358-6541, ext. 46.

Sincerely,

A handwritten signature in black ink, appearing to read 'John McCarthy', is written over a faint, illegible background.

John McCarthy  
Manager, Safety, Health and Environment/RSO  
Cameco Resources

*[Faint, illegible text, likely bleed-through from the reverse side of the page]*

*[Faint, illegible text]*



A member of the Cameco group of companies

TSX: CCO  
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website: [cameco.com](http://cameco.com)  
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## **Cameco Positions US Operations for Expansion**

Saskatoon, Saskatchewan, Canada, December 4, 2007.

Cameco Corporation is implementing a new business name for the uranium mining operations of its wholly owned subsidiaries in Wyoming and Nebraska. Cameco's subsidiaries, Power Resources, Inc., and Crow Butte Resources, Inc., will conduct business under the name "Cameco Resources." The change is part of a long-term plan intended to better integrate the US facilities with other Cameco operations around the world and to create a stronger consolidated brand.

Cameco Resources will target overall production increases of 70% from its in situ recovery (ISR) operations at Crow Butte, Nebraska and Smith Ranch-Highland, Wyoming. These operations and related projects combined have over 50 million pounds of proven and probable reserves, with additional resources and exploration potential. The current combined production of Cameco Resources makes it the largest US uranium producer, with production of 2.1 million pounds in the first three quarters of 2007.

"Closer integration within Cameco will benefit our employees, strengthen our operations and provide a solid platform for continued growth," said Steve Collings, president of Cameco Resources. "We will need to double our workforce to achieve our goals and stronger identification with Cameco, the world's largest uranium producer, will help us attract and retain the people we need."

Tim Gitzel, senior vice-president and chief operating officer of Cameco, said the US ISR operations are a critical part of Cameco's strategy to increase and diversify uranium production.

"Our US operations are well-established, have good relationships with their communities and extensive experience with the regulatory system, which should ease the path toward increased production," Gitzel said.

Cameco is targeting to increase the combined production at its Crow Butte and Smith Ranch-Highland ISR operations to 4.6 million pounds U<sub>3</sub>O<sub>8</sub> annually by 2011, accounting for a significant component of the company's 2011 annual production based on Cameco's previously announced forecast.

### **Cautionary Note Regarding Forward-looking Statements**

The above noted 2011 uranium production forecast for Crow Butte and Smith Ranch-Highland ISR operations is forward-looking information and is based upon the following key assumptions, and is subject to the following material factors that could cause actual results to differ materially:

- We have assumed that the company's schedule for bringing additional properties nearby Crow Butte and Smith Ranch-Highland (such as Gas Hills, Reynolds Ranch, Ruth and North Butte) into production is achieved, but that is subject to a number of risks including delays in obtaining regulatory approval or the successful development of new well-fields and satellite ion-exchange plans;
- We have assumed that the company has sufficient capacity to mill the additional uranium it produces which may, among other things, require the company to successfully increase capacity at its Crow Butte and Smith Ranch mills and successfully restart its idle Highland mill that is located nearby Smith Ranch, and is subject to the risk that it will not be able to increase its milling capacity;
- We have assumed that extensive refurbishment of existing facilities is not required, but production capacity could be significantly diminished if such refurbishment is required; and
- We have assumed that Cameco Resources is able to double its work force and retain the necessary contractors in a timely manner in order to achieve the targeted production increases, but actual results could differ significantly if it is unable to do so.
- We have assumed there is no disruption in planned production due to among other things: an inability to obtain necessary permits and government approvals; natural phenomena, such as fires and floods; labour disputes; litigation or arbitration proceedings; failure to procure required equipment, operating parts and supplies, including reagents, critical to production; equipment failure; unexpected or challenging geological or hydrological conditions; and adverse mining conditions. The company is subject to the risk that any or all of the foregoing will occur, as well as other development or operating risks.

No assurance can be given that the indicated quantities will be produced. Expected future production is inherently uncertain, in particular a production forecast several years in the future, such as above, and which could change materially over time. If actual results differ from the assumptions above, or if any of the material factors identified above occur, the 2011 uranium production forecast for Crow Butte and Smith Ranch-Highland ISR operations may differ materially from the above forecast. Although Cameco believes the assumptions inherent in the forward-looking statement are reasonable, undue reliance should not be placed on this statement, which only applies as of the date of this news release. Cameco disclaims any intention or obligation to update or revise any forward-looking statement, whether as the result of new information, future events or otherwise.

Cameco, with its head office in Saskatoon, Saskatchewan, is the world's largest uranium producer. The company's uranium products are used to generate electricity in nuclear energy plants around the world, providing one of the cleanest sources of energy available today. Cameco's shares trade on the Toronto and New York stock exchanges.

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