CAMECO CORP
Form 6-K
April 07, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 Under
the Securities Exchange Act of 1934

For the month of April, 2004

Cameco Corporation

(Commission file No. 1-14228)

2121 11th Street West
Saskatoon, Saskatchewan, Canada S7M 1J3

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F o Form 40-F þ

Indicate by check mark whether the registrant by furnishing 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.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):_____

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Exhibit Index

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 6, 2004

Cameco Corporation

By: *Gary M.S. Chad*

Gary M.S. Chad
Senior Vice-President, Law,
Regulatory Affairs and
Corporate Secretary

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FORM 51-102F3

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Cameco Corporation (Cameco)
2121 11th Street West, Saskatoon, Saskatchewan S7M 1J3

ITEM 2 Date of Material Change:

April 1, 2004

ITEM 3 News Release:

The English version and the French translation version of the press release relating to this material change were distributed and filed by Canadian Corporate News through their Canadian Timely Disclosure Pack and U.S. Timely Disclosure Pack on April 1, 2004.

ITEM 4 Summary of Material Change:

Cameco and the National Atomic Company of Kazakhstan (KazAtomProm) plan to develop the Inkai uranium deposit in Kazakhstan through their Inkai Joint Venture (JV Inkai). Cameco owns 60% of Inkai and KazAtomProm owns 40%. JV Inkai has approved the technical and financial conclusions of the feasibility study that estimated a total capital cost of $38 million (US) to build an in situ leach mine. Subject to regulatory approval, the mine is expected to achieve commercial production in 2007 and ramp up to 2.6 million pounds annually by 2009. JV Inkai will assess if this production level can be increased.

Cameco has a loan agreement to provide up to $40 million (US) to JV Inkai for project development and had provided $19.5 million by December 31, 2003. The loan is expected to be repaid through Inkai production. Additional financing arrangements will be made, as required, to complete the project.

Cameco estimates there are 91.5 million pounds of proven and probable reserves (Cameco s share 54.9 million pounds) that would provide an estimated mine life of well over 30 years.

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ITEM 5 Full Description of Material Change:

Cameco and KazAtomProm announced today that they plan to develop the Inkai uranium deposit in Kazakhstan through JV Inkai. Cameco owns 60% of Inkai and KazAtomProm owns 40%. JV Inkai has approved the technical and financial conclusions of the feasibility study that estimated a total capital cost of $38 million (US) to build an in situ leach mine. Subject to regulatory approval, the mine is expected to achieve commercial production in 2007 and ramp up to 2.6 million pounds annually by 2009. JV Inkai will assess if this production level can be increased.

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Cameco estimates there are 91.5 million pounds of proven and probable reserves that would provide an estimated mine life of well over 30 years. Additional work is required to confirm other resources that have been identified in the surrounding area.

Inkai has a number of advantages including low production costs, competitive tax rates, large orebodies and favourable geological conditions with excellent orebody permeability requiring fewer injection and production wells.

JV Inkai will submit an environmental assessment and design plan for construction of the commercial facility to Kazakh regulatory authorities for approval before the end of the year. Cameco expects construction to begin early in 2005, with completion scheduled for 2007. Inkai will employ up to 200 workers during construction and will require approximately 230 employees once full production is reached. Approximately 97% of the employees will be hired locally.

The Inkai uranium deposit is located in south central Kazakhstan, about 370 kilometres northwest of the regional capital of Shymkent and some 1,000 kilometres northwest of Almaty. Small-scale test mining was conducted in the vicinity of Inkai in the late 1980s. JV Inkai began testing mining in 2002 in order to gather information for the feasibility study. In 2003 the test mine produced 0.2 million pounds U_3O_8 and is expected to continue to produce about 0.3 to 0.6 million pounds annually through 2007.

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Cameco estimated the reserves and resources for the Inkai uranium deposit (as of December 31, 2003) on a 100% basis as follows:

	Tonnes (thousands)	Grade (%U_3O_8)	Content (million lbs U_3O_8)	Cameco's Share (million lbs U_3O_8)
Reserves				
Proven	22,700	0.06	28.3	17.0
Probable	63,700	0.05	63.2	37.9
Total	86,400	0.05	91.5	54.9
Resources				
Indicated	3,600	0.04	2.9	1.7
Inferred	253,918	0.05	268.0	160.8

The qualified person for the Inkai reserve and resource estimates contained in this material change report is Raymond Jean-Francois Chauvet, geological engineer and professional geoscientist, who was director, mining resources and methods at Cameco. Production from the Inkai test mine continues to support the lab and field testing that was initially completed by Volk Geology located in Almaty, Kazakhstan.

ISL mining involves the use of an oxidant added to natural groundwater to liberate uranium directly from the undisturbed underground orebody. Water carrying the oxidant is injected through a series of perimeter wells and flows through the permeable orebody to production wells. The uranium-bearing solution is then pumped to the surface process plant for recovery.

Cameco owns and operates two ISL mining operations in the United States, one each in Wyoming and Nebraska. These two mines currently account for all primary uranium production in the United States. KazAtomProm controls and operates three ISL mines in Kazakhstan.

Statements contained in this material change report which are not historical facts are forward-looking statements that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without limiting the generality of the following, include: volatility and sensitivity to market prices for uranium; the impact of the sales volume of uranium and conversion services; competition; the impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental and safety risks including increased regulatory burdens; unexpected geological or hydrological conditions; political risks arising from operating in certain developing countries; a possible deterioration in political support for nuclear energy; changes in government regulations and policies, including trade laws and policies; demand for nuclear power; replacement of production and failure to

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obtain necessary permits and approvals from government authorities; weather and other natural phenomena; ability to maintain and further improve positive labour relations; operating performance of the facilities; success of planned development projects; and other development and operating risks.

Although Cameco believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this report. Cameco disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

ITEM 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

None Applicable

ITEM 7 Omitted Information:

None Applicable

ITEM 8 Executive Officer:

Gary M.S. Chad
Senior Vice-President, Law, Regulatory Affairs and Corporate Secretary
Cameco Corporation
(306) 956-6303

The foregoing accurately discloses the material change referred to herein.

ITEM 9 Date of Report:

April 6, 2004.