



CAMECO CORPORATION

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

Tel 306.956.6200

Fax 306.956.6201

www.cameco.com

August 23, 2011

Kineepik Metis Local Inc. (#9)
Box 66
Pinehouse Lake, SK S0J 2B0

Northern Village of Pinehouse
Box 130
Pinehouse Lake, SK S0J 2B0

Attention: Mike Natomagan, Mayor of Northern Village of Pinehouse, and Vince
Natomagan, Executive Director Kineepik Metis Local Inc. (#9)

Dear Sirs:

Re: Process/Funding Details for Collaboration Agreement Negotiations

This letter sets out the agreed-upon process and funding details for the negotiation between the Northern Village of Pinehouse along with Kineepik Metis Local (collectively referred to herein as "Pinehouse") and Cameco of a Collaboration Agreement (CA).

Negotiation Principles

Pinehouse and Cameco will each negotiate in good faith towards completion of the CA, attempting at all times to understand and respect each others' needs, rights and interests during the negotiations.

Negotiation Teams

Pinehouse and Cameco will be represented in the CA negotiations by members of their respective Negotiation Teams, which are set out in Schedule A to this letter.

Either party may change its Negotiation Team by advising the other party. The members of the Negotiation Team must have the necessary authority to negotiate. Pinehouse and Cameco agree it is important that the Negotiation Teams change as little as possible to ensure efficient and productive negotiations.

Either party may have additional representatives including external advisors at individual negotiation meetings. For every negotiation meeting, Pinehouse and Cameco will each provide advance notice to the other party of any representative that will be attending the meeting who is not a member of the Negotiation Team as identified in Schedule A of this agreement.

Confidentiality

Pinehouse and Cameco intend that the CA negotiations will at times include discussions and information sharing that will be confidential in nature.

While either party is free to confirm to any third party that CA negotiations are taking or have taken place as between the parties, Pinehouse and Cameco intend that the terms and conditions of this agreement and any agreements reached pursuant to the CA negotiation process, including all communications, negotiations, term sheets, or draft agreements leading to those agreements, are confidential and may not be disclosed by either party except as follows:

- (a) by either party to its representatives or agents as necessary provided that such representatives or agents are bound by confidentiality provisions similar in nature and effect as those set out in this agreement;
- (b) by Cameco to a court or regulatory body, or any other regulatory or approval processes to which Cameco projects and/or activities may be subject, as may be appropriate, undertaking a review or assessment of such projects and/or activities, or making any decisions required for such projects and/or activities to proceed;
- (c) with the consent of the other party; or
- (d) as may be required by law.

For the purposes of obtaining Community Endorsement (as defined below), Negotiation Team members from both the Northern Village of Pinehouse and Kineepik Metis Local may communicate to its respective memberships general information about the CA negotiation process and negotiated outcomes. Pinehouse agrees to notify Cameco about any sharing of information pursuant to this paragraph, and to advise them about the content of what is shared.

Term Sheet

Once Pinehouse and Cameco have come to agreement on all material CA items, the essence of that overall agreement will be set out in a short Term Sheet that will be initialled by representatives of each Negotiation Team, and that will describe the agreed-upon CA items

in clear and plain language. Once the Term Sheet is finalized, Pinehouse and Cameco will negotiate all outstanding items and will have the CA document ultimately finalized by legal counsel in due course.

Community Decision-Making Processes

By signing this letter agreement, the signatories from both the Northern Village of Pinehouse and the Kineepik Metis Local (#9) represent and warrant to Cameco that they have the full authority to enter into this letter agreement and to negotiate the terms of the CA. In signing, each signatory also confirms that they have retained and received independent legal advice regarding this letter agreement.

Pinehouse and Cameco intend that after finalizing the Term Sheet and prior to finalizing the CA, Pinehouse will seek endorsement from the membership of both the Northern Village of Pinehouse and Kineepik Metis Local (#9) ("Community Endorsement"), and will provide sufficient demonstrable evidence to Cameco in due course of Community Endorsement of the agreement reached as encapsulated in the Term Sheet.

Costs of Negotiations

Cameco confirms its commitment to provide funding to Pinehouse in accordance with the budget set out as Schedule B to this letter, and in accordance with the payment process/guidelines set out in Schedule B to this letter (the "Funding"). The budget set out in Schedule B to this letter is an estimate of the financial resources that Pinehouse will require for the entirety of the negotiation process through to execution of the CA.

The parties will form a subcommittee of the Negotiation Team in order to monitor the provision and expenditure of the Funding. The funding subcommittee will consist of two members of the Negotiation Team, one member to be selected by Pinehouse and one member to be selected by Cameco. The funding subcommittee will meet from time to time in person or by telephone and will update the Negotiation Team at negotiation meetings on the status of the Funding. The initial representatives of the funding subcommittee shall be Martine Smith on behalf of Pinehouse and Darwin Roy on behalf of Cameco.

Timelines and Scheduling

The parties intend to reach agreement on all material items for the CA and to finalize the Term Sheet accordingly by **December 16th, 2011**. In order to do so, negotiation meetings in 2011 will, as a minimum, take place approximately every 4-6 weeks at venues to be agreed-upon by the parties. Depending on the applicable progress of the negotiation process, such meetings may need to span numerous days.

While the parties intend to be flexible with respect to the scheduling of negotiation meetings as negotiations progress, an initial agreed-upon schedule for meetings during the remainder of 2011 is as follows:

- August 26th (one day)
- Week of September 19th (2-3 days)
- Week of October 24th (2-3 days)
- Week of November 14th (2-3 days)
- Week of December 12th (2-3 days)

After the Term Sheet is finalized, Pinehouse will endeavour to seek Community Endorsement prior to **January 31st, 2012**.

The parties intend that, once Community Endorsement is obtained, they will then negotiate all outstanding CA items and have the CA finalized by legal counsel prior to **April 30th, 2012**.

Term and Termination

This agreement will remain in force until April 30th, 2012 unless the parties agree in writing to extend the term of this agreement.

Notwithstanding the preceding paragraph, either Party may terminate this agreement on 7 days prior written notice to the other party.

If either party terminates this agreement, Cameco will provide the Funding in relation to any applicable costs or amounts incurred by Pinehouse as of the termination date of this agreement, and will have no obligation to pay Funding for any costs or amounts incurred thereafter.

Execution of this Agreement

Please acknowledge your agreement with the terms and conditions of this letter by signing in the space provided below and returning a copy by facsimile to my attention at [REDACTED] at your earliest convenience.

I look forward to continuing to work with Pinehouse on the CA. Please do not hesitate to contact me if you have any questions with respect to this letter.

Sincerely,

Cameco Corporation

Enclosure

c. [REDACTED]

**ACKNOWLEDGED AND AGREED TO BY THE KINEEPIK METIS LOCAL THIS
26th DAY OF AUGUST, 2011.**

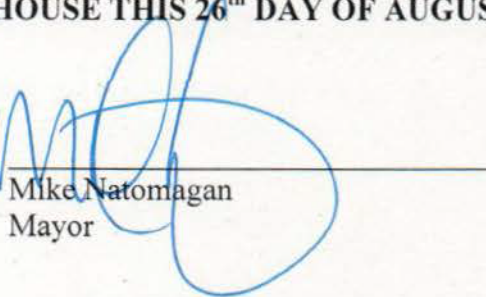
Per:


Vince Natomagan
Executive Director



**ACKNOWLEDGED AND AGREED TO BY THE NORTHERN VILLAGE OF
PINEHOUSE THIS 26th DAY OF AUGUST, 2011.**

Per:


Mike Natomagan
Mayor



SCHEDULE A - NEGOTIATION TEAMS

Cameco Corporation

[REDACTED]

Northern Village of Pinehouse

Mike Natomagan

[REDACTED]

Kineepik Metis Local (#9)

Mike Natomagan

Vince Natomagan

[REDACTED]

**SCHEDULE B
BUDGET AND FUNDING PROCESS/GUIDELINES**

1. The estimated budget and work plan for Pinehouse, in terms of the estimated resources that will be required for the entirety of the CA negotiation process, is as follows:
 - (a) [REDACTED] [REDACTED]
 - (b) [REDACTED] [REDACTED]
 - (c) [REDACTED] [REDACTED]
 - (d) [REDACTED] [REDACTED]
2. In addition, Cameco commits to providing [REDACTED] to Pinehouse, separate from the negotiation budget, [REDACTED]
[REDACTED]
3. Cameco will provide to Pinehouse an aggregate amount of [REDACTED] in respect of the Funding, which amount will be payable as follows:
 - (a) [REDACTED] will be payable within ten days of this letter being signed by both parties (the "First Payment");
 - (b) subject to paragraph 2 of this Schedule B, [REDACTED] will be payable within ten days of the Term Sheet being initialled by both parties (the "Second Payment"); and
 - (c) subject to paragraph 2 of this Schedule B, [REDACTED] will be payable within ten days of Cameco receiving demonstrable evidence from Pinehouse that it has obtained Community Endorsement of the Term Sheet (the "Third Payment").
4. Pinehouse will prepare and deliver to Cameco invoices with respect to each of the First Payment, the Second Payment and the Third Payment. Each invoice will:
 - (a) reflect in reasonable detail the expenses incurred by Pinehouse in connection with the First Payment, the Second Payment and the Third Payment, as applicable (provided that Pinehouse may deliver one or more invoices in respect of each such payment); and
 - (b) be substantially in the form set out in Schedule C hereto.

Cameco shall not be required to pay any subsequent instalment of the Funding to Pinehouse in accordance with paragraph 1 of this Schedule B until it has received an up to date invoice which reflects expenses properly incurred by Pinehouse in connection with any previous instalments of the Funding.

**SCHEDULE C
INVOICE TEMPLATE**

[See attached]