

Kumtor on Schedule to Begin Production in 1997

After two years of construction high in the Tien Shan mountains in Kyrgyzstan, the Kumtor gold mine is on schedule to begin production early in 1997.

More than 300,000 tonnes of ore has already been stockpiled, with production waiting for the final commissioning of the 14,000 tonne-per-day mill. Testing of the entire mill circuit has been ongoing since early November.



Kumtor's 14,000-tonne per day mill is nestled high in the Tien Shan mountains which run along the border of Kyrgyzstan and China. The site is about 60 kilometres from the Chinese border.

"We use water and waste solids to test for any indication of weakness in the system," explained Josef Spross, executive vice-president of Kumtor Operating Company. "No chemicals are used in trying the circuit out. We're testing the

operability of the equipment."

Spross, who is overseeing the transition from construction to production, expects testing, and any necessary correction in the circuit, as well as commissioning of the mill, to be complete by the end of the year.

Total gold output from the project is expected to be 500,000 ounces per year, at a projected cash cost of \$200 (US) per ounce. The price of gold has been hovering at the \$370 (US) per ounce range on the London exchange in recent weeks. Final refining of the gold in Europe to meet world standards will be done in Europe and Kyrgyzstan.

Kumtor Gold Project	
Reserves	9.2 million ounces
Resources	3.9 million ounces
Expected Production	500,000 ounces/annually
Cash Production Cost	\$200 (US)/ounce
Ownership	*Two-thirds Kyrgyzaltyn *One-third Cameco
Employment	*Construction - 2,300 *Operation - 1,000
Local Employment	85%
Elevation	4,000 metres
Location	Tien Shan mountains



Spross anticipates production for 1997 will be about 410,000 ounces.

"It will be lower for the first year because we're just starting the plant up and you can't expect full production from day one."

Bernard Michel, Cameco's chair, president and chief executive officer, says there were many challenges to overcome in order to bring this project to production. The isolated location required the transportation of goods on the Russian rail system from St. Petersburg, on truck convoys from Istanbul, Turkey and by air freight. There was also the negotiation of a complex international finance and political insurance package.

"In spite of countless difficulties we have achieved a great success. That speaks highly of the dedication and capabilities of the Kumtor team having responsibility for the project."

This is Kyrgyzstan's first and largest joint venture in the mining industry, with the state-owned Kyrgyzaltyn owning two-thirds and Cameco owning one-third of the project. The Kyrgyz National Bank estimates mine production may increase the gross domestic product of the small country of about 5 million people by as much as 30%, while Dastan Sarygulov, president of Kyrgyzaltyn, has a more conservative estimate of between 13 and 15%.

Proven and probable mineable reserves for the project are 288 tonnes of gold (9 million ounces) at a grade of 3.6 grams per tonne (0.10 ounces per tonne). An open pit mining method is being used. The pit, which is on the flank of a steep mountain, will eventually be about 2,000 metres long, 1,100 metres wide and 750 metres deep.

Employment during construction peaked at more than 2,300 people, with almost 85% of those Kyrgyz. Once the project is operating, about 1,000 people will be employed at Kumtor during the more than 20 year lifespan of the project. In keeping with the agreement signed between Kyrgyzstan and Cameco, within 10 years the project and will be operated by the Kyrgyz.

ABBREVIATIONS

kg = kilogram
km = kilometre
km-h = kilometres per hour
m = metre
mm = millimetre
MWe = megawatts electric
oz = ounce (troy ounces)
UO₂ = uranium dioxide
UO₃ = uranium trioxide
UO₈ = triuranium octoxide
UF₄ = uranium tetrafluoride

Cameco is the world's largest publicly traded uranium company and a growing gold producer. Head office is in Saskatoon, Saskatchewan.



New Learning Opportunity Excites Employees – Education Programs Starts at Uranium Minesite

The rustling of a page turning or a stroke on a computer keyboard are the only sounds coming from the small, crowded room around the corner from the cafeteria at the Rabbit Lake employee residence.



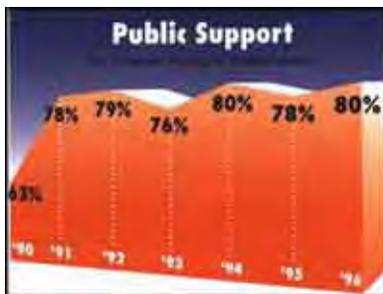
Instructor Vivian Phelps explains study questions to Alphonse Throass

It's early evening and the people in the room have just finished an 11-hour shift -- driving a 50-tonne truck, fixing heavy equipment or any one of a variety of other jobs done around the clock every day of the week at the site. With only a couple of hours to spare before bedtime, these minesite employees are putting in extra time -- studying.

They are just a few of Rabbit Lake workers who have signed up for an education program being tried for the first time. It's a one-year, \$170,000 - pilot project put together by Cameco, the Workplace Education Consortium of Saskatchewan, the National Literacy

Secretariat, the Mineral Sector Steering Committee and Northlands College in La Ronge. Each will contribute to the program either financially or with in-kind donations. Cameco is also matching one hour of company time for each hour of employee time spent studying.

After three months researching the needs of the Rabbit Lake workers, the program was designed to emphasize literacy, computer basics, and academic upgrading.



Saskatchewan Says Yes to Uranium Mining

A recent poll commissioned by Cameco shows 80% of Saskatchewan residents support uranium mining in the province. The poll involved 800 residents and has a margin of error of plus or minus 3.5 points.

"We want to ensure employees have the opportunity to move forward with Cameco," said Bernard Michel, Cameco's chair, president and chief executive officer, pointing to ever increasing technological advances in the industry such as remote controlled mining methods which are now being used.

Career development

Adds Jamie McIntyre, Cameco's manager of education and training, "We're interested in long-term education and career development for employees. This program is a chance for people to work on their own career development."

And there's a lot of interest. More than 30 people have signed up for the program. Instructor Vivian Phelps, from Northlands College in La Ronge, now has a waiting list for people wanting to register.

"I've been really impressed with the people who have applied. Many of them want a certificate and the best way for most to achieve that goal is to study for the general education diploma (a high school equivalency diploma). I'm also helping with study skills to prepare some for apprenticeship exams at Kelsey Institute. And everyone wants to try computers-that will be one of the challenges, scheduling people on the two computers we have."

Phelps admits that's just one of the challenges she's facing. There's also the one-week-in/one-week-out rotation schedule to work around, as well as a day and night shift for employees who are at the site. In addition, the learners range from those interested in improving basic reading skills to some wanting to refresh their high school academics to prepare for post-secondary education.

Great idea

The enthusiasm is evident when talking to people in the program.

"In order to get ahead in this field I have to have my education," explained Freddie Throassie, a long-time employee from Black Lake. "I think it's a great idea for the company to do this. It's important, especially for Northerners from the Athabasca region. Our parents used to take us out on trap lines and we never got our schooling-we learned other things. But education is important now and we need to combine education and our culture. If they can work together it will be ideal."

Those sentiments are echoed by Jackie Lemaigre, a technician who is also from northern Saskatchewan-an area which covers about 250,000 square kilometres, but has a population of only 30,000 people.

"I think it's a good idea. Some people didn't have a chance for a high school education and this gives them a chance," said Lemaigre.

Cameco Corporation

Corporate Relations Department
2121 - 11th Street West
Saskatoon, Saskatchewan
Canada S7M 1J3
Tel: (306) 956-6400
Fax: (306) 956-6318

Editor:

Mona Etcheverry

Writer:

Mona Etcheverry

Photo credits:

Mona Etcheverry
and Kilborn Construction

Layout and Illustrations:

Next Communications

Printing:

Mercury Graphics

Weights and measures are indicated in the unit most commonly used in specific areas of the industry

PEOPLE

Jackson at Home in Mining Industry – Innovation and Sense of Humor Keep Him Going

As a child, Tom Jackson was often the new kid on the block, or more specifically, the new kid in camp. Summers were spent travelling around Western Canada and the United States to Bible camps with his parents, who were Baptist missionaries.

He was born in North Battleford, Saskatchewan, though the family never lived there--they were passing through on



Tom Jackson and his family. From left to right back row: Jesse (13), Kristy (17) and Sandi-lee (15). Front row: Tom and Eve..

their way to a Bible camp when his mother went into labor and Jackson says with a grin, "we had to stop for a few days."

Home base for the family ranged from northern communities like Lac La Biche, Alberta to Manitoba, until they settled near St. Paul, Alberta at Goodfish Lake, his father's home reserve.

Jackson admits he found the lifestyle difficult at the time, but says the experience of growing up among so many different types of people was invaluable.

People Issues Important

As manager of purchasing and transportation for Cameco, Jackson explains that dealing with "people issues" is a big part of what he does. And good people skills have been important throughout his career. Jackson got his start in the industry almost 20 years ago as shipper/receiver at Key Lake, when development of the uranium project was just beginning.



Tom Jackson Profile

Favorite author:
John Steinback

Favorite expression:
"Look at it this way, it buildings character."

Who do you admire?
William Wallace of 'Braveheart' fame, who gained Scotland's independence.

What causes you stress?
Golf

Best stress reliever?
Golf

What motivates you?
The desire to see my employer dowell and me being a significant contributor through my chosen profession.

Most unrealistic goal?
Playing centre for the Montreal Canadiens.

Worst nightmare?
Playing centre for the Toronto Maple Leafs.

Unique hobby?
Amateur writer/songwriter

"I was in charge of all the freight. In those days we had a winter road, so we had to rush a lot of trucks in from January to March."

During the rest of the year, Jackson drove a five-tonne supply truck to La Ronge from Saskatoon once a week and then the goods were flown to the site.

When the Key Lake Mining Corporation was formed in 1979 Jackson stayed with the company, moving from shipper/receiver to expediter to buyer, becoming more and more involved in purchasing goods and keeping deliveries on schedule. And he continued to learn more about his profession by completing certificates in business administration and professional purchasing.

In 1988, just before Cameco was formed, Jackson decided it was time for a change of scenery. He took a job as a senior buyer with the large Quintette Coal mine near Dawson Creek, B.C.

Less than two years later Jackson returned to Saskatoon and joined Cameco as a senior buyer, a position he held until 1995, when he was promoted to his present position.

"I do less hands-on purchasing now and my work has a bigger scope to it because of the way the company is growing and it's getting more complex all the time. But I have a really good group working for me here and that makes my job a lot easier."

He also plays a pivotal role in the corporation's policy of encouraging the development of northern and aboriginal businesses, as well as the hiring of Northerners by companies under contract to Cameco. He believes giving Northerners the opportunity to prove they can compete with anyone is an important part of his job.

Northern Successes Satisfying

As someone of aboriginal descent, Jackson says seeing tangible results of the corporation's activities such as successful companies being created in northern Saskatchewan is very satisfying.

"It's important to leave something behind, particularly in human skills and business development-something of substance which has a chance for long-term growth outside our industry."

His enthusiasm and commitment extend to volunteer work where he is heavily involved with the Purchasing Management Association of Canada as secretary of the Saskatchewan institute and president of the Saskatoon district.

"I probably have an imbalance toward work," he admits. "My family is used to it, though I definitely like to make time for them."

When they get the chance, Jackson and his wife Eve like to take their three teenagers to the lake or out bowling. But the whole family is kept busy with activities ranging from sports such as

basket-ball and track to caring for the animals running around their acreage—two Arabian horses, a German shepherd and a cat.

Eve has just completed a bachelor of arts degree in psychology, is an artist and home renovation specialist.

"The house has been undergoing renovations for six years," Jackson says with a smile and adds with a bit of pride, "she does everything herself-plumbing, drywall, I only help with the heavy stuff."

Having so many things on the go means hobbies like playing hockey and baseball are now in the past, though Jackson hopes to one day dust off the novel he's written, polish it up and send it off to a publisher.

INTERNATIONAL RELATIONS

Kyrgyz Visitors Find Canada Friendly - Cameco hosts guests from Kyrgyzstan

Visitors from Kyrgyzstan are becoming a frequent sight at Cameco.



Kyrgyz journalists Adelya Laisheva (bottom centre) and Margarita Dubova (bottom right), along with translator Tatania Smoliakov (bottom left), joined the CBC News

Over the past few months Kyrgyz people including journalists and managers associated with Cameco's joint venture partner in the Kumtor gold project, Kyrgyzaltyn, have spent time in Saskatchewan. The visits are an effort to promote understanding between the Kyrgyz and Canadians.

Reporter Margarita Dubova and producer Adelya Laisheva, from Kyrgyzstan's state-owned national television network, spent almost two weeks in Saskatchewan in September.

They work on a variety of programs at the network including a regular feature called "Kumtor Diaries," in which the Kumtor gold project and its impact on Kyrgyzstan is examined.

During visits to CBC, STV, the University of Regina's School of Journalism and broadcast facilities at the legislature, the women had an opportunity to find out more about television news and journalism practices in the province.



Nassiveli Sarygulova spent an evening at the Festival of Trees, a Christmas fund raiser for Saskatoon's City Hospital, with Paula Knihnitske of Cameco.



East-west exchange participants from Kyrgyzaltyn Erick Khafizov (left) and Akylbek Umetaliev (right) join Kyrgyz journalists Margarita Dubova and Adelya Laisheva during an evening out in Saskatoon.

"We wanted to gain some insight into how television is produced here," explained Dubova. "To meet people who work in the industry and watch them as they worked was very valuable."

Having met people who work for Kumtor in Kyrgyzstan and seen the operation there, Dubova said it was also important to meet people who work at Cameco in Canada and learn more about the company and its operations here.

"Lacking immediate communication with people here, we wanted to learn what Kyrgyzstan and Kumtor meant to them."

A lasting impression for Laisheva was the people.

"They were very friendly. I was also impressed by their patriotism. All the people I met love their country very much."

At the same time as the journalists were here learning about the Canadian approach to their industry, two Kyrgyzaltyn managers were studying the western style of business management.

Erick Khafizov and Akylbek Umetaliyev were in Ontario at York University's School of Business for three weeks followed by two weeks at Cameco to see first hand how the corporation operates.

"It's important for us to learn more about the western style of management: marketing, business strategies, accounting and financing practices," explained Khafizov. "We also wanted to establish new contacts with our Canadian partner and learn how they involve native people in their business practices."

Both men believe using some of the new ideas they've acquired here will help strengthen the management structure at Kyrgyzaltyn.

In addition to people like the business managers and journalists, Cameco is also involved in helping Kyrgyz students with their education. Following in the footsteps of three Kyrgyz students who were here to learn English last year is Nassiveli Sarygulova, who has been in Saskatoon since mid-September. She is studying English as a second language at the University of Saskatchewan and, in the future, hopes to attend law school in the United States.

"First I must learn English and then the law and its principles. I hope to have a job in another country as an international lawyer. I really want to help my country and it needs professional people -- well educated people."

Sarygulova spent five years in Kazakhstan studying political science before coming to Canada and her English skills were self-taught. In the three months she's been here, living in residence at the university, she's been preparing for the test of English as a foreign language, which is a requirement for university entrance.

"I like student life in Canada. It's been a new world for me, with a different mentality and customs."

Like the other Kyrgyz visitors, Sarygulova finds Canadians friendly and helpful. And she's grateful for the opportunity to be here for her studies.

"It's helping me to improve and broaden my mind. Every day in Canada is like gold."