

CAMECO CORP  
Form 6-K  
January 05, 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 January, 2004

(Commission file No. 1-14228)

**Cameco Corporation**

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*Translation of Registrant's Name into English*

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

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*(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

Form 40-F

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

No

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

NEWS RELEASE

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**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>	<b>Page No.</b>
1.	Press Release dated January 5, 2004	3-6

**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: January 5, 2004

Cameco Corporation

By: */s/ Gary M.S. Chad*

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

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<u>Listed</u>	<u>Share Symbol</u>	<u>web site address:</u>
TSX	CCO	www.cameco.com
NYSE	CCJ	

2121 1<sup>st</sup> Street West, Saskatoon, Saskatchewan, S7M 1J3 Canada  
 Tel: (306) 956-6200 Fax: (306) 956-6201

**Cameco Creates Centerra to Consolidate Gold Assets**

Saskatoon, Saskatchewan, Canada, January 5, 2004 . . . . .

**Cameco Corporation** and the Kyrgyz government have agreed to transfer all of Kumtor Gold Company (KGC), the owner of the Kumtor gold mine in Kyrgyz Republic, to a new jointly owned Canadian company called Centerra Gold Inc. (Centerra). In conjunction with its acquisition of KGC and Cameco's other gold assets, Centerra intends to undertake a public offering (IPO) in Canada. Cameco expects to hold a majority interest in Centerra following the IPO.

Cameco subsidiaries will initially hold 67% of Centerra after transferring its one-third interest in KGC and additional gold-related assets. The Joint Stock Company Kyrgyzaltyn (Kyrgyzaltyn), whose shares are held 100% by the Kyrgyz government, will initially hold 33% of Centerra after transferring its two-thirds interest in KGC. Kyrgyzaltyn has the option to acquire an additional 2% of Centerra from Cameco at a value based on the initial ownership allocation, which may not reflect Centerra's full market value. This option can be exercised for 30 days after Centerra is listed on the Toronto Stock Exchange (TSX). If this option is exercised, Cameco's investment will decline to 65% on an undiluted basis.

This is a significant milestone on the road to getting optimal shareholder value for our gold assets," said Jerry Grandey, Cameco's president and CEO. "We believe there will be substantial investor interest in a gold producer like Centerra.

Initially, Centerra's assets will include the following:

100% of KGC, which owns the Kumtor gold mine located in Kyrgyz Republic. KGC will relinquish its rights to develop the underground potential if it has not notified the government of its intention to proceed with development two years prior to the end of open pit mining, which is currently scheduled to be completed around 2008.

100% of Kumtor Operating Company which operates the Kumtor mine

56% of AGR Limited (AGR) which owns 95% of the Boroo gold mine that is expected to begin commercial production in the first quarter of 2004 located in Mongolia

62% interest in the REN joint venture an advanced exploration project located in Nevada, US

73% interest in the exploration licences for the Gatsuurt exploration property located about 35 kilometres from Boroo in Mongolia

About \$130 million (US) in loans Cameco subsidiaries previously advanced to the Kumtor and Boroo gold mines

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In 2004, assuming a January 1 effective date, Centerra is expected to produce about 610,000 ounces of gold from the Kumtor mine at an average cash cost of approximately \$220 (US) per ounce and about 210,000 ounces from the Boroo mine at an average cash cost of approximately \$170 (US) per ounce. Centerra's share of production will be 100% from the Kumtor mine and about 53% from the Boroo mine.

**Gold Reserves**

Cameco estimated the reserves for the Kumtor mine (as of December 31, 2002) and the Boroo mine (as of August 31, 2003) on a 100% basis as follows:

	<u>tonnes</u>	<u>g/t Au</u>	<u>oz Au</u>	<u>gold price</u>
<b>Kumtor</b>				
Proven	24,519,000	4.29	3,383,000	\$300 (US)/oz
Probable	631,000	3.58	73,000	
<b>Boroo</b>				
Proven	0	0	0	\$325 (US)/oz
Probable	10,300,000	3.52	1,160,000	
<b>Total Proven &amp; Probable</b>	<b>35,450,000</b>	<b>4.05</b>	<b>4,616,000</b>	

Please see Cameco's 2002 annual information form (dated April 16, 2003) for details on certain information relating to the Kumtor reserve estimate.

In order to establish Centerra, Cameco and the Kyrgyz government have entered into a series of agreements. The Kyrgyz government has authorized this transaction to proceed by issuing a government decree. Closing is targeted for the second quarter of 2004 and is subject to a number of conditions including:

consent from a number of third parties, including certain financial institutions,

Centerra entering into an underwriting agreement for an IPO of Centerra shares, and

the conditional listing of Centerra shares on the TSX.

Cameco has negotiated a new agreement with the Kyrgyz government to ensure that a stable investment regime will be maintained in Kyrgyzstan for Centerra. The new agreement will take effect on closing. Centerra will have a 10-year tax stabilization period, during which the application of Kyrgyz tax legislation is not to increase the tax burden on the Kumtor operation. The tax indemnity previously enjoyed by Cameco will not be transferred to Centerra.

Cameco subsidiaries will vote their Centerra shares to support one Kyrgyzaltyn representative on the Centerra board provided that Kyrgyzaltyn maintains a minimum interest in Centerra. Kyrgyzaltyn has agreed to hold this minimum interest for five years after closing.

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Cameco's existing guarantees in support of the gold hedging activities at both mines and KGC's senior debt continue while Centerra establishes itself. At December 23, 2003, KGC's senior debt balance was \$17 million (US). On that same date, Cameco had provided credit support for KGC and Boroo gold hedges of approximately 480,000 ounces. The mark-to-market exposure under these hedges was \$46 million (US).

With an agreement to create Centerra, an offer is planned to be made by March 1, 2004 to non-Cameco shareholders of AGR to exchange their AGR shares for Centerra shares.

The qualified person for the Kumtor proven and probable reserve estimate in this news release is Alain Mainville, geologist and professional geoscientist, who is the manager, mining resources and methods at Cameco.

The qualified person for the Boroo proven and probable reserve estimate in this news release is Rob Chapman, geologist and professional geoscientist, who is the vice-president of exploration at Cameco Gold Inc.

Cameco, with its head office in Saskatoon, Saskatchewan, is the world's largest uranium supplier. 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.

Statements contained in this news release 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, electricity in Ontario and gold; the impact of the sales volume of uranium, conversion services, electricity generated and gold; 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 obtain necessary permits and approvals from government authorities; legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the electric utility industry in Ontario; Ontario electricity rate regulations; 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.

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