Canadian Nuclear Safety Commission

Commission canadienne de sûreté nucléaire

Public hearing

Audience publique

Cameco Corporation: Application for the renewal of the operating licence for the Key Lake uranium mill

Cameco Corporation: Demande visant le renouvellement de son permis d'exploitation pour l'usine de concentration d'uranium de Key Lake

June 11, 2008

Le 11 juin 2008

Public Hearing Room
14th floor
280 Slater Street
Ottawa, Ontario

Salle d'audiences publiques
14e étage
280, rue Slater
Ottawa (Ontario)

Commission Members present

Commissaires présents

Mr. Michael Binder
Mr. Alan Graham
Dr. Moyra McDill
Dr. Christopher Barnes
Mr. André Harvey
Dr. Ronald Barriault
Mr. Dan Tolgyesi

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M. Dan Tolgyesi

Secretary: Mr. Marc Leblanc

Secrétaire: Mr. Marc Leblanc

General Counsel :
Mr. Jacques Lavoie

Conseiller général :
Mr. Jacques Lavoie

--- Upon resuming at 1:55 p.m.

THE CHAIRMAN: Good afternoon. Here we are again.

And the next item on our Agenda is application by Cameco Corporation for the renewal of operating licence for the Key Lake Uranium Mill.

M. LEBLANC: This is Day One of the public hearing. The Notice of Public Hearing 2008-H-07 was published on April 11, 2008. A revised notice was published on May 6 to change the date of hearing for Day One.

Submissions from Cameco and CNSC staff were due on May 12th. I note that supplementary information has been filed by both Cameco and CNSC staff since the first publication of the agenda. Commission Member Document 08-H12.A is confidential and the Commission members have indicated there will no need to discuss in a closed session.

Mr. President?

THE CHAIRMAN: Thank you. So I understand that there's another presentation and Mr. Grandey, the floor is yours.

Cameco Corporation:

Application for the
Renewal of the operating licence
For the Key Lake uranium mill

08-H12.1 / 08-H12.1A
Oral presentation by
Cameco Corporation

MR. GRANDEY: Once again, Dr. Binder, thank you very much and good afternoon.

For the record I am Gerry Grandey; President, Chief Executive Officer of Cameco Corporation.

We're here for the Key Lake licence renewal and I'm pleased once again to have a number of Cameco staff with me; Tim Gitzel, Senior Vice President and Chief Operating Officer; David Neuburger, Vice President Mining. From Key Lake Operation Les Yesnik, General Manager; Kevin Himbeault, Superintendent, Safety, Health, Environment, and Quality; Brett Moldovan, Technical Superintendent, Technical Services; from the Mining Division Ken Gullen, Director, Technical Services; John Alsonso, Director, Compliance and Licensing; Pat Landine, Manager, Hydrology and Civil Engineering; and Jered Heigh, Superintendent, Safety & Radiation Systems Application.

And again, from the corporate office, John

Jarrell, Vice President, Safety, Health, Environment and Quality; John Takala, Director, Safety, Health, Environment and Quality Systems; Liam Mooney, Senior Legal Counsel, Safety, Health, Environmental Quality and Alice Wong, Vice-President, Investor, Corporate and Government Relations.

And then we have a consultant with us from H.K. Mittal Associates, Hari Mittal.

So with that cast of characters I'll now turn it over to Les Yesnik who is the General Manager of the operation for his opening remarks.

MR. YESNIK: Good afternoon. My name is Les Yesnik for the record. I'm the General Manager at the Key Lake operation for Cameco Corporation.

The Key Lake operation is a uranium milling facility located on the southern edge of the Athabasca Basin, about 570 kilometres north of Saskatoon.

Key Lake began as a mining and milling operation with its first production in 1983 and by 1997 two large deposits on the site had been milled and mined out.

In 2000, Key Lake began milling ore trucked to the site from the McArthur River mine which is about 80 kilometres away.

To date, the Key Lake facility has produced

in excess of 350 million pounds of U308 over the past 25 years.

During the proposed licence period Key Lake will continue to process ore from McArthur River while processing -- while proceeding with a number of revitalization projects to sustain the facility as Saskatchewan’s largest uranium production centre.

Safety performance at Key Lake has been excellent during the current licence period. The number, frequency and severity of accidents were are low despite a significant increase in the contractor work at the Key Lake site.

Key Lake was recognized for safety performance on two occasions during the current licence term by Saskatchewan Mining Association and also received a merit award from the Workers’ Compensation Board for maintaining a safe work environment.

Key Lake also performed well in terms of radiation protection. The average full-time equivalent dose for employees and contractors was reduced from 2.1 to 1.7 millisieverts during the previous licence period and this represents a 19 percent decrease in exposure.

We also strengthened our radiation protection program with the addition of two dedicated staff members adoption of new technology and by

successfully addressing operational exposure issues.

The packaging area was rebuilt to better control dust and we also improved equipment, revised operating maintenance and housekeeping practices in the Calciner area to better protect our workers.

We continue to make progress on improvement of our quality management systems. Activity in each of the areas outlined in the overview presentation is underway at Key Lake.

As indicated by staff's rating, the written programs and procedures are now in place and we are working on implementation and refinement to assure an effective system and adherence by people at all levels.

We have committed the necessary resources and developed plans to assure that staff concerns are addressed and we expect fully to meet expectations by the latter part of 2008.

Areas of specific focus in terms of quality management at Key Lake include application of standard job hazard analysis to ensure systematic assessment of health, safety, radiation and environmental risks of non-routine tasks. We also developed and implemented a formal change management and design control process to address challenges unique to the Key Lake operation. We are also planning for a safety culture assessment at Key Lake early

in the coming licence term as required under Cameco Safety and Health Management Program.

Implementation of Cameco's systematic approach to training is another key aspect of enhancing our management system and entrenching safety culture. The Key Lake training program is going -- is consistent with the corporate SAT. As described earlier in the overview, this system will manage and track training requirements at Key Lake and the other operations. We are currently working on implementation and revising our existing programs on a risk informed basis.

The Key Lake operation is also working to achieve compliance with the national fire code. The operation has in place fully trained and equipped fire fighting and emergency response teams that are capable of dealing with emergencies at our site. We also have an extensive fire detection and automated suppression systems. Our insurers are confident that our fire protection systems are sound and have underwritten our risk and we have done the work necessary to ensure the fire risk is low and we are continuing to complete the remaining work. Any new projects are subject to a third party fire assessment and this is a Cameco standard now across the corporation.

Bringing a 25-year old facility into

compliance with the national fire code certainly has its challenges. We will and we have taken many steps towards this goal and expect to be in compliance with the licensing requirements by the end of 2008.

Improving environmental performance was a priority at Key Lake throughout the current licence period. Overall, in each of the years of 2006 and 2007 the reportable incident frequency has been reduced by 20 percent compared to the past three year average.

A number of actions were undertaken, including enhancements to containment and ground water recovery systems at the mill, and a number of assessments and research studies to better understand technical issues related to our operations.

The frequency of spills at Key Lake was elevated by aging infrastructure in the Gaertner/Deilmann dewatering system and higher expectations for tracking and reporting of incidents both internally and externally. About half of the spills involved water with low contaminant levels leaking from piping associated with these systems which collect groundwater from around the tailings area and return it to the mill for treatment.

The effect of these incidents is mitigated by the fact that they occurred in the capture zone of the Deilmann Tailings Facility. Nonetheless, Key Lake is

developing a five year plan to renew the dewatering system as part of site revitalization. We also have an action plan in progress to change the operation of the water distribution system to reduce the number of spills.

The most significant incident during the current licence period was a spill of sulphuric acid in 2006. That resulted in a significant development report to the Commission.

After initial remediation and thorough assessment in consultation with CNSC staff and Saskatchewan Ministry of Environment, it was determined to be a low risk event. All of the spills reported did not represent a significant risk to the environment.

While Key Lake effluent meets all regulatory limits, we continue to work towards targeted reductions of selenium and molybdenum that was set out in a licence condition applied following the mid-term hearings. Cameco was near completion of a project consistent with the action plan to reduce selenium and molybdenum loadings in David Creek drainage where the effluent from the Key Lake mill is discharged.

Phase I involved construction of a new circuit in the mill to precipitate additional molybdenum and selenium and placed the precipitate in the Deilmann Tailings Management Facility. Phase I process is being

commissioned and is expected to provide the necessary improvement to final effluent quality. The action plan has Phases II and III in the unlikely situation that Phase I is not sufficient. Reviews have been completed on these additional phases. Phase II is not technically feasible until site revitalization is complete. Studies completed on Phase III show only marginal improvement.

Addressing the Phase I implementation has been technically challenging. Cameco has invested more than $16 million and has applied considerable operational resources and energy to solve this problem. Our research has advance scientific understanding of selenium and molybdenum removal mechanisms.

Equipment installation for Phase I construction was completed in mid-March and commissioning commenced. Commissioning progress has been slowed by technical problems and unplanned interactions with existing processes.

During early commission, we have observed the expected removal of molybdenum and are working through the technical challenges to enhance selenium removal. We plan to provide an update on the performance at our Day 2 Hearing.

The Deilmann Tailings Management Facility is a world class facility for long-term tailing storage,

however, operating this facility has its share of challenges.

One major challenge experienced during the current licence period is sloughing of the pit wall of the Deilmann facility. Three significant sloughing events occurred between 2003 and 2005 prompting a range of actions to better secure the facility, ensure safety of workers, identify and address the underlying causes. No further sloughing occurred since 2005.

I will present the highlights of the actions taken to secure this facility.

Cameco’s responses included relocation of vulnerable infrastructure near the pit crest, installation of slope monitoring stations and restricting access to vulnerable pit crest areas.

Early in 2005 we established a multi-disciplinary Deilmann Tailings Management Facility Advisory Committee. This included external experts to review a range of issues related to the safe operation and long-term performance of the facility.

Several of the communities’ recommendations have been implemented; the key one, being to hold the water level constant. This required increasing the capacity of Key Lake’s reverse osmosis water treatment plant and this is now complete.

We are confident that water level control is a sufficient interim solution to prevent further events as we continue to work on a remediation plan and implementation schedule.

Cameco has conducted extensive research into pit wall stability as it is critical to the continued operation and long-term performance of the tailings facility. Most recently Cameco engaged experts to conduct a detailed study to identify the mechanisms and conditions that triggered the slope failures and assess the current status.

Cameco recently received the findings of this work and it was reviewed with CNSC specialist staff at recent meetings at our site. The slope failure mechanisms are now understood by Cameco. It was also recognized reducing the water level in the DTMF would improve pit wall stability.

Further, at that meeting, discussions progressed on what suitable factor of safety would be to ensure the stability of the facility.

Other studies have been initiated to identify remediation options and hydro-geological modelling has been done to assess the effects of the sloughed sand in the DTMF and the long-term performance of the facility. Work continues in both these areas and will

be an area of focus during the coming licence term.

We acknowledge and agree with the intent of the proposed licence condition. Related to implementing long-term stabilization measures for the pit walls, we feel that the proposed date and the condition for the delivery of this plan is not attainable. Given the complexity of the work completed to date, the ongoing work in terms of defining potential mitigation options and the work needed to develop the logistics of each option, it is paramount that the final option selected does not jeopardize the safety of those individuals working on the mitigation. As well, we do not want to initiate a sloughing event.

We will communicate with the CNSC staff to develop a schedule and could present the status of this work more completely at the Day Two Hearing, if the Commission requires.

Management of waste rock from past mining operations at Key Lake and current operations at McArthur is a continuing challenge. We are managing our inventories in mineralised wastes of Key Lake and McArthur River while developing long-term solutions to control the potential long-term effects from these facilities.

Considering waste rock from Key Lake historical mining, our focus is on refining the site-wide

hydrogeological model to integrate source terms from all waste rock piles or storage facilities and the DTMF.

This holistic approach of management of long-term environmental interactions will provide for a more comprehensive and effective remediation strategy. It is important to note that all waste rock and ore storage facilities are hydraulically contained during operations. Groundwater in the area is collected in the active pump-and-treat systems.

Reclamation work continues during the current licence period. About 80,000 cubic metres of material was removed from the bentonite-lined portion of the original Key Lake ore pad, and it was used to blend down the McArthur River ore.

To prevent further seepage of ammonia from the mill, the floors within the ammonia crystallisation and yellow cake precipitation areas have been repaired and resealed and, as part of the overall systematic review of containment structures in the mining division, the ongoing maintenance and operational practices in the facility will be assessed. This work was initiated in 2007 following the Port Hope experience.

Other reclamation projects have been completed during the current term, including cleanup and elimination of various equipment lay down areas. Planting

of about 40,000 Jack Pine seedlings and re-vegetation trials of the Gaertner clean water waste rock pile was also undertaken.

We have begun work on reclamation of the Gaertner waste rock pile. This has included submission of a reclamation plan, field re-vegetation trials, and start-up of a slope flattening process. In 2008, Cameco has resumed slope-flattening activities and will soon begin large scale re-vegetation of the side slopes.

Cameco is confident and expects that the Key Lake operation will continue to serve as a regional mill for many years to come. A feasibility study is now in progress for revitalization of the facility to provide a sustainable operation with improved environmental performance.

In regard to tailings management, Cameco will be submitting an application within the next licence period to increase the tailings site to 466 metres above sea level. We understand that this will be an in-scope approval as it was previously assessed.

We are also conducting a comprehensive tailings option study that will look at a variety of options for increasing our tailings capacity. These options will include increasing the tailings elevation in the DTMF as well as new purpose-built facilities.

During the coming licence period, Cameco also plans to advance the production increase and the recycling initiative which are subject to ongoing environmental assessments.

To summarize, we believe that the Key Lake operation performed well in terms of safety, health and environment during the current licence period. We continue to build our knowledge of core technical aspects of the operation and its interaction with the environment, and we are enhancing our management systems to meet the Commission expectations as well as our own.

Thank you.

THE CHAIRMAN: Thank you.

I would like to move now to a presentation from CNSC and I will turn to Mr. Henry Rabski, Acting Director General of Directorate of Nuclear Cycle and Facilities Regulation.

Mr. Rabski, the floor is yours.

08-H12
Oral presentation by
CNSC staff

MR. RABSKI: Good afternoon, President Binder, Commission Members. For the record, my name is

Henry Rabski, Acting Director General of the Nuclear Cycle and Facilities Regulation Directorate.

With me this afternoon are Mr. Kevin Scissons, Director of the Uranium Mines and Mills Division, and Peter Courtney, Project Officer with the Uranium Mines and Mills Division, along with the rest of the CNSC licensing team for the facility.

Cameco has applied for the renewal of the Key Lake Uranium Mill operating licence. This presentation contains CNSC staff's assessment of their application and staff's recommendation for renewal of the licence for a period of five years.

I will now ask Peter Courtney to present an overview of the information, the assessment and recommendations prepared by CNSC staff.

MR. COURTNEY: Good afternoon, Mr. Chairman, and Commission Members. For the record, my name is Peter Courtney, and I am the Project Officer for Cameco Corporation's Key Lake Operation.

We are here to recommend that the Commission renew Cameco's Key Lake Uranium Mill operating licence which is due to expire on October 31st, 2008. Cameco has requested a licence term of five years, and CNSC staff is recommending a term of five years.

The following presentation is an overview

of the information that was reviewed by CNSC staff in developing the recommendations being made today.

To begin with, I will review the activities that will be authorized by the proposed licence. Then I will go over the staff's assessment of the applicant's program content and implementation. This will include assessment methods, program content and implementation ratings, areas that do not meet requirements, and the overall assessment findings and conclusions.

CNSC staff is recommending a licence term of five years; I will explain why. Finally, CNSC staff's recommendations will be presented.

This slide shows an aerial view of the Key Lake milling operation. Note there are two tailings areas; the AGTMF, or Above Ground Tailings Management Facility, on the left side of the picture; and the DTMF or Deilmann Tailings Management Facility, on the right side. Also note the location of the mill area, which comprises the mill, powerhouse, acid plant, and wastewater storage and monitoring pots.

Notice the ore prep area, which comprises ore receiving, ore and mineralized waste storage, and crushing and grinding facilities.

There are two effluent discharge points indicated in the slide by asterisks. The one located west

of the mill discharge is treated mill water to the David Creek drainage. The other located south of the DTMF discharge is treated groundwater from the Gaertner pit area to the McDonald Creek drainage on the lower right.

Also identified on the slide is the Gaertner pit and one of three waste rock storage areas. Cameco is seeking approval to continue to carry out the activities indicated in this slide.

CNSC staff looked at 10 program areas and rated program content and implementation. The ratings for each program area are summarized in this table. What should be noted is that four program areas are assigned C ratings, indicating the program and/or implementation is below requirements. These are operations, quality management, environmental protection and training.

The radiation protection, non-radiological health and safety, emergency preparedness, safeguards and public information programs areas were assessed as meeting requirements. Security was assessed under a separate CMD.

There are no program or implementation ratings that are significantly below requirements or unacceptable.

I'd first like to review the program areas that receive below requirement ratings, followed by a review of those that met requirements.

The first program area assigned below requirement rating is operations. In particular, improvements are required in the waste management and fire protection sub-program areas.

With respect to waste management, Cameco has an acceptable program in place but in some instances has been slow to react to emerging issues and/or has not met its scheduling commitments.

Cameco has been more proactive lately and has completed some overdue projects. Meeting scheduling commitments continues to be a problem in regards to the Waste Rock Management Program.

With respect to fire protection, Cameco has completed two third-party audits for compliance with national fire code requirements, which have identified deficiencies. As well, a recent CNSC staff inspection of the facility found significant issues with fundamental fire protection practices.

However, Cameco is addressing these deficiencies on a priority basis and communicating with CNSC staff to resolve the deficiencies.

I would now like to show a few pictures that illustrate some of the waste management aspects discussed in the CMD.

In this slide, for example, note the

Deilmann Tailings Management Facility in its partially flooded state. The wall sloughing mentioned in the CMD and discussed further in the next slide has occurred in the areas indicated by the number “1”.

Also note the Deilmann special waste area as indicated by the number “2”. The CMD discusses an ongoing issue with the bentonite liner in this area and what is being done about it.

And note the areas identified by the number “3”. These and one other waste rock area not in the picture are the subject of a licensed condition requiring Cameco to maintain and implement a waste rock management action plan.

Finally, note the close proximity of the waste rock and special waste areas to the partially flooded tailings facility. Contaminated seepage from the waste areas is within the cone of depression of the tailings facility, meaning that contaminants move toward and are captured within the tailings facility.

Contaminated groundwater can then be pumped to the mill for treatment.

This slide provides a closer view of the DTMF wall sloughing. During the 2004 re-licensing hearings, CNSC staff reported that significant sloughing of the DTMF walls had occurred resulting in a loss of 5

percent in overall tailing storage volume.

Significant sloughing continued until May 2005 but thereafter was largely held in check by maintaining stable water levels in the DTMF.

In the January 2007 midterm and licence amendment hearing, Cameco reported that in total, 2.3 million cubic metres of sand had sloughed into the facility, most of this prior to 2006, representing 19 percent of lost tailing storage volume.

As a result, Cameco has determined that there is insufficient storage volume to accommodate all the tailings for the anticipated duration of this operation and has recently stated its intent to pursue additional storage options.

Note, however, that there is sufficient storage space to sustain the Key Lake operation for the proposed five-year licence renewal period.

CNSC staff is concerned that the sloughed sand may increase contaminant seepage from the DTMF by creating a high permeable zone through which the contaminants can travel. To address this concern, Cameco completed a two-year field program to better define the physical and chemical characteristics of the in situ sloughed sand tailings mass.

Cameco input these data into their

hydrogeological model and found that the revised model predictions were consistent with the earlier predictions of no significant environmental effects. However, uncertainties regarding the long-term tailings pore water upper bound source terms for arsenic are still being evaluated by Cameco.

During the 2004 re-licensing hearings, there was considerable discussion and some uncertainty about the mechanism for sloughing in the DTMF. The mechanisms for sloughing in the DTMF are now better understood and some mitigative measures have been implemented.

Stabilization of water levels has reduced the magnitude of sloughing to small amounts and there have been no significant sloughing events in the DTMF since May 2005. However, CNSC staff has determined that water level control provides marginal stability only and is not a suitable long-term solution to the sloughing issue.

Cameco has identified preferred long-term stabilization options but have indicated they see no urgency in implementing them. Based on a review of data and literature and independent modelling, CNSC staff believes that immediate stabilization measures additional to water level control are warranted.

To ensure that this work moves ahead with

undue delay, CNSC staff is recommending a licence condition as described in Section 6.1 of the CMD.

The second program area assigned a below requirement rating is quality management. While the program now generally meets requirements, implementation of the program is not yet complete and therefore remains at a C rating.

CNSC staff has scheduled a Type 1 inspection for October 2008 to specifically review aspects of implementation of the Quality Management Program.

The third program area assigned a below requirement rating is environmental protection.

While the program meets requirements, the program implementation is below requirement primarily because levels of moly and selenium in the mill effluent and its downstream receiving environment have not been reduced.

In previous hearings, a licence condition was added requiring Cameco to reduce moly and selenium levels in the Key Lake mill effluent.

Over the review period, selenium and moly loadings have increased with peak loadings occurring in 2007. So there has not yet been any reduction.

However, in accordance with the approved action plan, the Phase I reduction measure involving a new

mill circuit is currently being commissioned. So moly and selenium reductions are expected shortly.

Cameco has completed an evaluation of Phase II and Phase III of the approved action plan in case Phase I doesn't reduce moly and selenium to the receiving environment objectives identified by CNSC staff.

This evaluation indicated that implementation of Phase II would raise ammonia levels in the final effluent above the current allowable limit. Consequently, CNSC staff are recommending that the requirement to implement Phase II be removed from the licence condition.

Phase III is currently reviewed as the preferred next reduction measure, if one is necessary.

In October 2006, a selenium workshop was held at Key Lake with the Environmental Quality Committee to discuss potential selenium effects in the David Creek drainage.

This slide shows the workshop attendees examining the mill effluent discharge, on the left, and Delta Lake, 10 kilometres downstream of the mill, on the right.

CNSC staff continues to monitor stakeholder interests in this situation. There has been no follow-up concern expressed by the EQC and an update meeting was

held with them at Key Lake on May 26th, 2008.

The province continues to monitor potential health -- human health effects related to moly and selenium intake via consumption of fish from the David Creek drainage. Since there has typically been no fishing in this drainage, human health effects are unlikely. Saskatchewan Ministry of Environment reports that there have been no issues identified to date.

The fourth program area assigned a below requirement rating is training. While the program meets requirements, implementation of a systematic approach to training program is incomplete. The current training program has been subject to many improvements and will continue to improve as SAT processes are implemented.

The risk of programs and performance falling significantly below requirements in the short term remains low. However, improvements are required to address identified weaknesses.

I'd now like to provide some highlights from CNSC staff's assessment of the program areas assigned "B" ratings that met CNSC requirements. Complete assessment details are provided in the CMD.

The first program area that meets CNSC requirements is radiation protection. The maximum five-year effective dose for a Key Lake worker during the 2001

to 2005 dosimetry period was 25.1 millisieverts compared with the limit of 100 millisieverts.

CNSC staff finds that the licensee is taking adequate measures to ensure radiation doses are as low as reasonably achievable.

The second program area is non-radiological health and safety. The safety record for the Key Lake operation during the review period was good and the very few lost time accidents reported were of a minor nature.

The third program area is emergency preparedness. Cameco has appropriate up-to-date procedures in place and it successfully conducted several emergency response exercises during the review period.

The fourth program area is safeguards. Cameco has acceptable procedures in place that provide prompt access of IAEA inspectors requesting complimentary access to the Key Lake site under Canada's additional protocol agreement with the IAEA. An IAEA inspection of Key Lake was conducted on June 3rd, 2008.

The fifth and last program area that meets CNSC requirements is public information. Cameco has an acceptable program for communicating with and responding to the concerns of residents and stakeholders in the area of the Key Lake operation.

As mentioned in the CMD, there are some

further details CNSC staff intend to provide in Hearing Day Two as follows.

One, Cameco has provided a lot of research information and a preliminary risk assessment but have not yet identified a preferred management option for the Deilmann north waste rock pile, as required.

A Cameco report is currently under review and further CNSC staff comment, including a possible licence condition adjustment, will be provided in the Day Two hearing.

Two; new preliminary decommissioning plan and preliminary decommissioning cost estimates were provided in March and April 2008 and are currently under review.

Further information on the status of this review will be provided in the Day Two hearings and the next slide will speak to the revised dollar amounts.

Three; CNSC staff has not been able to report on the performance of the Phase I moly selenium treatment measure as requested by the Commission in the January 25th, 2007 record of proceedings because it is still being commissioned.

Enough operating information should be available by Day Two hearing to provide a report at that time.

Other relevant information to CNSC staff's assessment of Cameco's application include financial assurance and cost recovery fees.

The preliminary decommissioning plan and financial assurance for the Key Lake operation has been revised and is currently under review by CNSC staff.

The current assurance in place is $45.46 million and the proposed new one is $98.04 million.

Cameco is in compliance with the CNSC cost recovery fee regulations for its Key Lake operation.

Based on CNSC staff's assessment in the CMD and Cameco's commitment to address the identified deficiencies, CNSC staff conclude that: Cameco operated the Key Lake operation safely under the current operating licence; Cameco is qualified to carry on the activities that the proposed licence will authorize; Cameco made and are expected to make adequate provision for the protection of the environment, the health and safety of persons; and, Cameco made and are expected to make adequate provision for the maintenance of security and the implementation of international obligations.

With respect to the licence term, overall, the programs are in place and the licensee has demonstrated -- has a demonstrated history of competence. Therefore, a longer licence term is warranted.

Based on the criteria set out in CMD 02-M12, CNSC staff recommends that the licence be issued for a five-year term to cover ongoing milling operations which are expected to continue for another 20 to 25 years.

To address the need to keep the Commission informed, CNSC staff will provide -- will report on the performance and status of the facility at the midpoint of the proposed licence term.

To conclude, CNSC staff recommends that the Commission accept CNSC staff’s assessment that the applicant is qualified to carry on the activities that the licence will authorize, and will make adequate provision in carrying out those activities for the protection of the environment, the health and safety of persons, and the maintenance of national security and measures required to implement international obligations to which Canada has agreed.

Accept the recommended changes to the current licence; accept staff’s assessment that the licence renewal is not a CEAA trigger and that an environmental assessment is not required, and issue the proposed uranium mill operating licence for a five-year term.

I would now like to turn it back to Mr. Rabski.

MR. RABSKI: This concludes our presentation this afternoon. Staff is available to answer any questions the Commission members may have.

Thank you.

THE CHAIRMAN: Thank you.

Let me open up the floor for questioning and starting with Monsieur Harvey.

MEMBER HARVEY: Merci, Monsieur président.

In page 17 of the staff submission, the paragraph before the last one:

> “However, staff determine that past and ongoing selenium and molybdenum loading on the David Creek plant due to mill effluent pose an unreasonable environmental risk and recommend that the Commission amend Key Lake and add a condition.”

I just want to have more -- this is not linked to the sloughing or there is no direct link with sloughing and the quality in the effluent; am I right to think like that?

MR. SCISSONS: It’s Kevin Scissons.

Yes, you’re right; those are two different issues.

MEMBER HARVEY: Two different issues; okay.

I'll go directly to the sloughing then in that condition on page 29 of 6.1.

The last sentence, "shall develop" -- I won't read all this but I find it difficult to see how that condition will be monitored and it seems to me that it's -- a condition would be something very spatial and that you could say, okay, it's held up or not, it's made. The condition will be met if there is a very specific result at the end.

But you just say develop and implement and then for timely installation and it looks quite large. Could you elaborate on that condition?

MR. SCISSONS: Kevin Scissons, Director of Uranium Mines and Mills Division.

One key thing on this particular condition is actually -- though it's been an ongoing situation it still is an emerging path forward. Due to the timing of this licence renewal we are only in a position to recommend that this action plan be proposed and with further consultation with staff and our specialists and in addition with the licensee's specialists to develop that path forward.

But we are not in a position to recommend a definitive action of A, B, C because the issue is still under that level of study and we had a recent trip up to

the site and in consultation with the licensees, consultants they brought up to the site, we recognize the issue -- they are not at that point of that final solution per se.

But we are in a position to recommend that this -- over the next number of months and we're prepared to negotiate that final date that the actual proposed plan come forward and under specialist review to determine if that's acceptable. We're not in a position to say what the plan is today.

MEMBER HARVEY: But doing so, if you recommend such a condition do you have some idea or that a solution could be found in a timely manner? Do you have the staff -- some ideas of how it could be resolved?

MR. SCISSONS: It's Kevin Scissons.

The whole thing on developing that action plan and the schedule will be a key outcome of that and we do have specialists available and one of our staff members, if you'd like more details on that but we would need to review and look at that, the whole plan, and assess it with our specialists and staff.

If you'd like a brief explanation of what some of those expectations would be, we can bring this question further back to our specialist staff member.

MEMBER HARVEY: No, I was just asking the

question because if you recommend such a condition it has to be something that is visible. So if you do so I suppose you have looked at it and ---

MR. SCISSONS: Yes. I apologize; perhaps I've not been clear.

There are a number of solutions or options that are available and it's a matter of now bringing those down to which are the most viable, what is the timeline and that action and implementation plan and how critical it is.

In the interim the managing of the water level in the pit minimizes, we believe -- tends to minimize further additional sloughage for now and as the options are now narrowed down and then a proposed timeline to address them is what the focus will be in the future.

Are there options available to remediate this; yes, we believe there are. What those are and how they'll be implemented is the outcome of this plan and the further assessment once that has all been brought forward to us.

THE CHAIRMAN: Let me ask it differently. Is Cameco willing or ready or able in Day Two to commit to some future date of actually doing this?

MR. NEUBURGER: Dave Neuburger for the record.

Cameco -- we share the concern over the Deilmann Tailings Management Facility. So in that sense we fully agree with the spirit of the licence condition in recognizing the importance of having an action plan in place.

The reason why at this point in time we're not comfortable with a date on it is we're still scoping options regarding what remediation of that Deilmann TMF could be.

Without understanding what the options are we have -- we don't understand what the timelines for completing that work would be so we don't feel comfortable now with having a date. We do feel comfortable to the point of your question that by Day Two we'll have enough understanding that we should be able to have a date in the future when we would have an action plan that we'd be ready to commit to.

It wouldn't be that by Day Two we've completed all our work but we'll understand enough that a firm plan could be in place by a future date.

THE CHAIRMAN: So if that's the case you may want to recommend a different -- a little bit more precise kind of firm action plan with some dates in it?

MR. RABSKI: Henry Rabski for the record.

We will await for their comments to

solidify that date for Day Two.

MEMBER HARVEY: It's two things to have a date for the action plan and dates in the action plans.

Just another question about the reduction of molybdenum and selenium; I'm a little bit mixed up with those three phases you were talking about in the beginning.

If my understanding was correct you found great hopes with the Phase I, and Phase II wouldn't be a solution and Phase III would not add much to Phase I. Am I correct to say that or could you ---

MR. NEUBURGER: Dave Neuburger for the record.

In a nutshell you have it, yes, you are correct. Phase I is what we pin most of our hopes on; that's what all our work has been on so far, lab work, test work, physical work in the plant. Phase II and Phase III have been study work in terms of modelling what the impacts would be to the environment and absolutely, Phase II, we could not implement in our current operating circumstances because it would create problems with another contaminant, ammonia in our effluent.

Phase III could have some marginal impact but it's something we certainly, as you say, we would see not moving forward on until we know for sure whether Phase

I is going to meet the expected reduction in molybdenum and selenium.

MEMBER HARVEY: More than that, I think Phase 3 could require an EA. So just postpone the solution to it for months, maybe years.

MR. NEUBURGER: Dave Neuburger for the record.

I think we understand and assume that Phase 3 would require an environmental assessment as well. You're absolutely correct.

MEMBER HARVEY: Okay. Thank you.

THE CHAIRMAN: Thank you.

Dr. McDill.

MEMBER McDILL: Thank you.

My first question is related to dosimetry on page 6 of 29. I wonder if, in general terms, Cameco could describe how this facility fits in terms of full time equivalent dose when compared to McArthur and Rabbit Lake and then perhaps other -- I don't know, should we say, other facilities within the Cameco stable for the lack of another word to describe it?

MR. NEUBURGER: Dave Neuburger for the record.

I'll ask John Takala to speak to that.

MR. TAKALA: John Takala for the record.

Key Lake's full time equivalent doses would be lower than McArthur River and Rabbit Lakes and other facilities it would be -- I'm just trying to recall off the top of my head where our American in situ recovery operations would be. They'd be not too different, about the same, and the operations in Ontario, again, the averages would probably be in the same order, plus or minus a millisievert or two.

MEMBER McDILL: Has there been a corporate-wide look at full time equivalent dosages within Cameco corporate envelope?

MR. TAKALA: Yes, we look at that. I just don't have the data handy.

MEMBER McDILL: Is staff able to comment on that?

MS. GUNNING: Cherry Gunning for the record, R.P. specialist.

For 2007 the full time equivalent doses for all the work groups together at Key Lake was 1.58, for Rabbit Lake, 3.49, and for McArthur River, 2.27.

MEMBER McDILL: Thank you.

My second question is with respect to sump, ceiling and floor repairs. Was this undertaken as a result of a Cameco decision to examine all sumps and floors?

MR. NEUBURGER: Dave Neuburger for the record.

I'll ask this question to be fielded by two people because there's two parts to the answer. Some of the work at -- a lot of the work that you're referring to at Key Lake was actually done and predates the Port Hope groundwater contamination issue. But I'd also be -- so Les will speak to that work, but I'd also first ask Ken Gullen to speak to some of the initiatives we've taken at the mining division to assess -- because we're still mostly in the assessment phase -- our sumps and containment structures at all the mining division facilities in response to the taproot from Port Hope.

So first to Ken Gullen.

MR. GULLEN: Ken Gullen for the record.

When the taproot became available from the Port Hope incident we distributed that report to all of our mining operations and milling operations in Northern Saskatchewan. We then organized -- from a corporate oversight perspective we organized a teleconference to discuss and develop an action plan around which we would have a team of people review not only the containment structure but also the process aspects for all the mill and mine sites.

That action plan was to be developed by the

end of January and at that time we were going to set up this team to investigate. Unfortunately the seepage incident at Rabbit Lake occurred on January the 26th which diverted our attention, but we did have that team go and do the investigation to start at Rabbit Lake and we have then moved on to other sites, and all sites will be reviewed this year.

MR. YESNIK: Les Yesnik for the record.

Just to add to Ken's points, I'll answer my question in two parts, the first being what we did prior to the Port Hope learnings and what we're doing currently.

Prior to the Port Hope incidents, at Key Lake we had a program of ensuring that we were improving out containment structures. Through preventative maintenance we had upgraded -- I'll give three examples. One is the crystallization area. We replaced the entire concrete floor with stainless steel and by doing that we eliminated the pathways, and that included the sump area. We completely contained and encased the whole bottom floor of sump bases and everything in stainless steel.

The second area was in the solvent extraction area where we recognized through a 2004 spill risk assessment that was done over our whole site that we had a pathway through the environment directly under these SX solvent extraction settler bases. So we went into a

program of backfilling those bases completely with concrete and redoing the sumps.

In addition to that, the yellow cake area, early in 2007 we commenced a program of redoing the complete containment within that building, the lower containment structure.

So that's just an example of what we were doing prior to the main learnings from Port Hope.

Following the Port Hope experience certainly we recognized that we needed to also maybe get a fresh set of eyes to our site to look at our concerns or potential risks so we brought in experts who looked at buildings of highest risk, and I'll refer to our acid plant, again our yellow cake area and solvent extraction and we have done complete containment reviews. Those reports are available and we're working through the issues on a risk-based priority basis.

MEMBER McDILL: Does staff have anything to add to that?

Thank you.

MR. SCISSONS: It's Kevin Scissons.

No, we're aware of it and we concur there is an action plan for it on priority basis and risk areas at all their facilities, including their team out of the -- led out of the Cameco head office, as well as the site

activities done to remediate the key areas has been undertaken and is ongoing.

MEMBER McDILL: And do you sense this corporate-wide initiative or corporate-wide action is solid and stable and deep -- I guess deep ---

MR. RABSKI: Henry Rabski for the record.

This is an issue that comes out of the Ontario Cameco facilities and has been discussed with that management team and I'm pleased to hear that it's crossing over across Cameco operations.

This is an aging issue of facilities, vintages 30 to 40 years, and in the case of the Ontario division we have facilities that are even older.

So in one of our management meetings, representatives from the senior office at Cameco were present and made a commitment to participate on this aging issue that we, as the CNSC, will be moving forward with, with respect to fuel cycle facilities.

The mining facilities also want to be included in this initiative because they see the importance of aging facilities, aging infrastructure associated with their facilities. So we're pleased to hear that the mining people want to participate in this worldwide international assessment of aging infrastructure on facilities, including mines.

MEMBER McDILL: Thank you.

One last question on the same page with respect to the -- we had a CMD on the sulphuric acid spill. But was the clean up and replacement of the high density polyethylene liner, is that something that is limited only to this facility? Is there any other place where that could be a problem?

MR. NEUBURGER: Dave Neuburger for the record.

I can only indicate to you that we do inspect as part of our preventative maintenance at all our mining facilities liners and sump -- HDP liners in our -- that we use in outside exterior containment areas and ore pads; we do inspect them on an annual basis. There's PMs around it and any tears and punctures are repaired typically as part of those PMs. So that is common to Rabbit Lake, McArthur River, Key Lake and Cigar Lake as well.

I think from those PMs we would expect to see if we've got any issues where we have a major breach of containment on those liners.

MEMBER McDILL: Thank you for completing this.

I'll ask staff if they have any comments?

MR. COURTNEY: Peter Courtney, for the

record.

I concur with the comments that are made on the liner inspections on a regular basis and damage normally due to ice falling is done. So I would concur.

MEMBER McDILL: Thank you, Mr. Chair.

THE CHAIRMAN: Thank you.

Dr. Barriault, please.

MEMBER BARRIAULT: Thank you, Mr. Chairman.

If I could ask the CNSC staff to draw their attention to page 21 of your presentation. The second paragraph states that:

> "CNSC staff issued an enforcement letter with respect to the health, safety of contract workers and the licensee's responsibility under Section 12(1)."

Could you care to elaborate on the contents of this?

MR. SCISSONS: It's Kevin Scissons speaking.

Yes, that letter was actually issued my signature to our licensees. It was to address and identify not only -- of course, there was a fatality we're talking back of October 2006, but we were looking at -- what we were looking at is really a kind of an increasing

trend in contractor incidents. And we wanted to reinforce it with the licensee that they are responsible for everybody's health and safety on the site, not only their own employees but, of course, contractors as well and, as a matter of fact, even inspectors that visit the site, so the whole responsibility for the facility.

And we want to bring that back to the licensee's attention that their incidents and accidents in relation to the contractors was an increasing trend that was in our view unacceptable.

And this enforcement letter demanded an action plan and we actually followed up with a second letter on it for more details, to be more specific, and I believe it was spoke to earlier in the day from the senior management of Cameco as how they have addressed that and took that action on seriously and have move forward to bring that under greater control and action on contractor oversight.

MEMBER BARRIAULT: Does this actually concern Key Lake or McArthur?

MR. SCISSONS: Yes. Kevin Scissons.

It was a trend in our view across -- with all our licensees. We even confirmed we put this letter over to AREVA as well but the focus was really was at Cameco sites and all of their activities because overall,

their approach to managing contractors was very similar across the organization and at the facilities. And it's that overall trend that we found was something to be addressed with and though one site maybe a little higher than the others, it was the overall increasing trend that we believed clearly deserved greater attention and that enforcement action.

And we are pleased to say that we now have seen some results and we're looking to see that success continue on that oversight of all workers on site, Cameco and/or contractors.

MEMBER BARRIAULT: Could I ask Key Lake to comment on the outcome of this?

MR. YESNIK: Les Yesnik, for the record.

Certainly at Key Lake one of our main measures of success is insuring a safe workplace and that bridges not just the Cameco employees but certainly our contract groups.

With the Contract Management Program that has been developed as a corporate standard and the standard that we have developed on the site to ensure compliance to that program, we have certainly taken what was a good program and really added some real greatness to it; specifically in the area of ensuring orientation for contractors, ensuring that when a contractor comes to

site, there is a site contact at all times designated and the expectations for our ALARA principles and through our programs are understood, that they are in fact through their activities keeping radiation as low as reasonably achievable.

Any environmental interaction is also being managed and their safety -- the expectations on safety with our contractors is equally as high as for our own personnel. So there is an expectation that a fully supportive contractor, general contractor will have a safety program, they will be in compliance with a supported safety program and we will audit the program that they are abiding by.

In addition to that, we conduct safety stand-downs with our contractor group. We ensure that their level of awareness, if we see that there is a number of incidents, that there is a trend, it could be slips and falls or something along that line where we will cause them to stop, refocus their efforts and provide Cameco with assurance that they're going to abide by what our standards are.

MEMBER BARRIAULT: From reading this, really it states that the standards are in the process of being implemented. Have they been implemented already or is it just in the process of being implemented?

MR. NEUBURGER: Dave Neuburger, for the record.

Just I'll -- when we -- subsequent to the fatality at McArthur River, we very quickly moved to implement a mining division standard around our expectations for contractor safety. This was while the Cameco corporate-wide program was still being reviewed and updated.

The standard has been fully implemented at the Mining Division sites. Implementation of some small changes related to the corporate program expectations are still taking place in 2008.

But at all of our sites, as Les described for Key Lake in the Mining Division, we have implemented the aspects of the -- that were defined in the Mining Division standard and generally the standard is, if anything, a little more specific than the program.

I also just would like to throw in one additional example from another site, less talked about, the safety stand-downs that we sometimes use as well which isn't a part of the standard or the program but it's a way of -- it demonstrates the urgency and the importance that Cameco management places on safety to the workforce if we sometimes feel that there is an unfavourable trend.

And I'll draw an example from Rabbit Lake,

a week and a half ago actually, when -- over the weekend when senior Cameco management wasn’t on sit but the next level down of Cameco site management was concerned about an increasing trend of safety infractions from one of our contractors on the site, and these were -- they had not progressed to the point of being incidents where people got hurt. They were safety infractions, personal protective equipment, ladder safety, working under cranes, those kinds of items.

The management on site acted quickly and decisively. They actually shut down -- stood down all operations of that contractor for, in the end, a two-day period and required that the contractor senior management come to site and talk with all contractor employees of that contractor on site, review safety requirements and also put an action plan in place to satisfy the site management.

So I take great comfort when I hear that that's happening two or three levels down in our management and that we clearly are recognizing and understanding, the importance and the expectation we have that we are responsible and accountable for the management of safety of everyone on the sites.

MEMBER BARRIAULT: Thank you.

My next question, if I may, Mr. Chairman,

is to CNSC staff. The next paragraph down states that:

> "Saskatchewan Labour has indicated the level of compliance observed at the Key Lake operation during the review appeared to have met requirement."

But it also states that:

> "CNSC staff conclude that the occupational safety programs meet requirement..."

Although you did not audit the program yourselves.

MR. SCISSONS: Kevin Scissons.

Yes, actually, it's a key component and I'm glad you introduced the term, the Saskatchewan Labour, shortened name, they're actually called Ministry of Advanced Education, Employment and Labour.

We actually have a representative from Saskatchewan Labour I believe in the Saskatoon office, Geoff Alderman, the inspector. He works with us at a number of the sites, and that is another area of this important thing on occupational worker health and safety. It's what we call our regulatory defence in-depth.

We work with the -- in an harmonized approach with our provincial counterparts. And as a matter of fact, an Occupational Health and Safety Program

is actually one of the requirements of their legislation as well, and we look to them as key players and advisors on that.

I'm not sure if Mr. Alderman is available or would like to speak to the issue but, clearly, the expertise of the provincial government is here and available and it's probably best they speak to that.

THE CHAIRMAN: Why don't we take this opportunity to get the Saskatchewan government involved in this? Are you there?

Just testing the technology here.

MR. ALDERMAN: Geoff Alderman speaking for the record. Can you hear me?

THE CHAIRMAN: Yes, go ahead.

MR. ALDERMAN: I guess in Key Lake, in particular, overall we are satisfied with the cooperation we receive from Cameco. If we do come across a concern or an issue, they usually jump to the pumps and address it right away.

As regards the particulars of the Health and Safety Program, I'm not actually the inspector there but I know from my own inspections, we do go through this Health and Safety Program with them. They are expected to fill it out and we review it on a periodic basis, maybe every two years with them, and I guess in this case Lorne

Yelman (phonetic), the Inspector, has indicated his satisfaction with it.

Does that answer your question?

MEMBER BARRIAULT: Yes, thank you.

But I guess my next question really is to CNSC staff. They're responsible for giving the rating to Cameco, and I can understand why they can't get an “A” because they don’t determine the standards themselves. They pass it on to you.

So you are going to have to give Cameco an “A” rating on their occupational and safety staff as opposed to CNSC staff.

THE CHAIRMAN: No comments from Saskatchewan?

(LAUGHTER/RIRES)

MR. ALDERMAN: I would happily give Cameco an “A” rating if you'd let me.

(LAUGHTER/RIRES)

THE CHAIRMAN: Well, while we've got the Saskatchewan Government on, I understand there's a Ms. Vanessa Bourhis online also?

MS. BOURHIS: Yes, that's correct.

THE CHAIRMAN: Well, here's your chance to input into your assessment of the environmental quality assessment here of Cameco.

MS. BOURHIS: Vanessa Bourhis, Ministry of the Environment.

Currently, we are satisfied with their commitments that they've made. They are operating within the terms of their current provincial operating approval, and they're ensuring that the environment is adequately protected from our point of view.

THE CHAIRMAN: Thank you for that and I understand we are going to see you in Saskatchewan for Day Two?

MS. BOURHIS: Yes.

THE CHAIRMAN: Good, thank you.

Go ahead.

MEMBER BARRIAULT: That's fine, Mr. Chairman. Thank you.

THE CHAIRMAN: Mr. Graham?

MEMBER GRAHAM: Thank you, Mr. Chair.

A couple of just general questions; first, what's the size of the footprint of the Key Lake Operation roughly? I mean you show that you planted 40,000 trees on an area which would be probably an area of less than 20 hectares, and I just want to get a relevant comparison as to is that one percent of the site or a quarter of a percent of the site or what?

If you don't have that, maybe you can get

it for us in Day Two because I don't want to prolong the questioning.

The other question though is or the other concern I have is when I read the CNSC document and I've listened to your -- read your document, listened to your presentation today, there seems to be quite a distance apart.

You ended up in four categories with a “C” rating, especially in operations with two “C”'s, and I am concerned that knowing that to process the extra 1.3 million kilograms from Port Hope and Blind River down the road, you are going to have to come, as we talked this morning, with probably an EA.

There seems to be a lot of room for improvement and I am just concerned of the speed in which you are going to reach not “A”'s -- we're not looking for “A”'s, looking for “B”'s -- and not only using “B”'s as benchmarks but reading the CNSC document, you had some problems.

We heard just a moment ago from Saskatchewan Environment saying that they were satisfied, but yet, under Environmental Protection, there was a “C”. I read in one area that you had 17 spills -- 17 spills over a certain period. You are having problems in plumes and so on, and the Davis Creek -- the loading at Davis

Creek and so on.

These are all, I would think, would be things that need a plan of action and we did talk about plans of action a while ago with some other colleagues.

But in Day Two, I just feel that environmental, especially in the environmental aspects of environmental protection, you have quite a ways to go in implementation, and if you would like to comment. I don't want to get repetitious, but there is a concern there especially with the fact that you will be coming back with an EA because your plans show that.

How quickly can you do the implementation with regard to environmental protection?

MR. NEUBURGER: Dave Neuburger, for the record.

I will provide some introductory remarks and then perhaps ask Les and Kevin to be prepared to speak to and perhaps Brett to speak to parts of it as well and see where it goes.

What I wanted to emphasise to you is I was asked this morning how -- whether we were expecting or surprised by the cease in that we broadly saw it, and I think my response was that, you know, we've got good communication. We have good indications and good discussion. We understand where our difficult areas are;

where -- I should say -- where our work areas that are continuing improvement areas are.

So we generally weren't surprised, but I would comment on environmental protection. I would say the site people were probably quite disappointed by a “C” in that area. And I say that because we have done a tremendous amount of work and I think we recognise sitting back and reflecting that we're not there yet. So a “C” perhaps isn't surprising, but it masks the amount of work that's been done on improving in that area.

We've done -- one of the areas that was of concern at last licensing round was the significant number of environmental spills and environmental incidents. And I can assure you that the Key Lake management team, Les and his team, have taken that on in the last few years very, very seriously and it has been a very strong focus of accountability that they've driven through the site and sometimes worked with staff to have staff support the message to employees at site to how important it is to control our environmental impacts.

So a strong focus has been placed at the site on reducing environmental incidents globally. That's -- it's not entirely seen by the spills but when you add spills and what we call environmental incidents, which are releases to secondary containment, there has been a 20

percent reduction made each of the past couple of years.

We have put huge effort into the moly selenium reduction in the last couple of years and that's -- and we are now where an action plan has been put in place. We have been working very hard at construction and now commissioning of the moly selenium circuit.

Perhaps what I'll do here is ask Brett Moldovan to give you some flavour as to where the initial results are going on that and what the status of the moly selenium reduction piece is, because there has been good progress that's being made there right now.

MR. MOLDOVAN: Thanks, Dave. For the record, Brett Moldovan.

Yes, I will just provide a brief update on the progress of the moly selenium removal project. The engineering for that project was initiated in 2006, and it was a very aggressive engineering and construction schedule. And as Les had mentioned in his presentation this afternoon, we completed construction of the Phase 1 moly selenium removal process in March of 2008.

Significant resources were put on to this project. It was named the number one project within the Key Lake operation and, as I've mentioned, it was a very aggressive schedule to meet this deadline.

We are currently in the commissioning

process for the moly selenium circuit and I am happy to note that we are meeting target results or target removal efficiencies for molybdenum and we are experiencing some technical challenges as we tie in this new process with the existing bulk neutralisation effluent treatment process.

So we are moving forward. We are seeing some removal efficiency of selenium and as we get through our technical difficulties and further commissioning, we anticipate enhanced removal of molybdenum even better than where we're at today and that we will meet the design criteria for selenium removal.

Thank you.

MEMBER GRAHAM: Just on that, I would like CNSC staff to comment because in your document you say -- and, first of all, to clarify one thing, is David Creek and Wolfe Lake the same area, because the maps only show Wolfe Lake and they don’t show David Creek and I presume that’s the same area.

But in your document -- in CNSC’s document you say that there has been no reduction -- there’s been no reduction in selenium and molybdenum loadings at David Creek -- David Creek drainage. Is that just because all of the -- in Phase I and the equipment is just being commissioned now. Is that the reason?

But up until the writing of this document there had been no reduction. But maybe it should be clarified because I read it as there was none and then listened today that there is reduction.

Could somebody clarify the fact that what is happening in David Creek or in Wolfe Lake, whichever -- whichever water body you refer to?

MR. COURTNEY: Peter Courtney for the record.

First of all, Wolfe Lake is part of the David system.

And in the CMD -- we're talking about moly and selenium levels during the review period, which was November 1st, 2004 to March 31st, 2008, so no reduction during that period.

And you're correct that there isn't currently any removal technology for moly and selenium so there hasn't been any removal because there's no mechanism in place. So the Phase I mitigation is that removal technology and until it starts to remove moly and selenium then there won't be reduction. We don't expect to see reduction.

MEMBER GRAHAM: When do you foresee the commissioning and start seeing some results, and will there be -- those levels are -- will you be putting in

licence condition to reach certain levels or what is your plan as far -- or what are you looking for in this next licensing period as far as loading of David Creek or the Wolfe Lake Watershed?

MR. RABSKI: Henry Rabski for the record.

I'd like Malcolm McKee to follow up on the first response from staff regarding this project and the importance of it.

MR. McKEE: Malcolm McKee for the record.

The issue with respect to the reduction of -- Cameco -- CNSC staff would be the first to admit the extensive effort that Cameco has put into all levels of addressing this issue over the last few years.

However, before we can actually state that an implementation has been successful we have to actually see performance data and that's also with respect to any discussions of future applications for additional activities. Those would have to be based on a demonstration of performance of the proposed Phase I activities.

As of the date of the writing of the CMD the additions had not been commissioned as yet and staff would be required to see a stable performance of this system through a reasonable assessment time which may have to involve looking at seasonal implications on some of

these systems too.

THE CHAIRMAN: I must tell you, I'm totally confused. I heard somebody who says there was a reduction. I heard somebody saying there is no technology that actually can produce reduction. And you're telling me you're waiting for data.

Somebody please clarify what is your expectation here?

MR. McKEE: Malcolm McKee for the record.

Right now the system has not been up and running on a continuous basis, therefore, we have not seen a continuous performance.

Peter Courtney can address that ---

THE CHAIRMAN: But is that one in -- the first one in the world? I mean is that a one off? I mean -- because I thought that somebody said there is no technology for removal of molybdenum.

MR. NEUBURGER: Dave Neuburger for the -- oh.

MR. COURTNEY: Peter Courtney for the record.

The Phase I was commissioned in March. So as Brett Moldovan just commented, they are in the process of commissioning that Phase I and he's indicating that they're seeing the moly reduction but they are still in

the test phase. It's a mill circuit that they're testing and they're having difficulties with it. It has to go offline when it's not working properly and my understanding is, is that it's offline a lot. So it isn't actually part of the functioning operation at this point.

We expect that when it is -- and Brett Moldovan was talking about some of the early test indications -- that when it is up and running we expect to see the reduction of moly and selenium.

THE CHAIRMAN: Well, is it reasonable to expect for Day 2 to get at least an update of this particular experiment?

Thank you.

MR. NEUBURGER: Dave Neuburger for the record.

Absolutely it is and we have been working -- I think perhaps the confusion was also because we're very eager to share the hard work we've been doing on this and we're working very hard to have -- we had been working very hard to get an update for Day 1 actually on performance here but it's been, as Brett noted, a challenging commissioning and hence what we have is very much emerging information that you heard and absolutely agree with what staff said.

It's not to the point where those -- that

short-term performance of the circuit can translate into saying, “Yes, we’ve definitively seen reduced moly and selenium in the downstream and receiving environment” but we are able to say with confidence that we’re seeing some pretty good indications, particularly on the moly side, and that is also where, I think, the technology is more accepted as being, you know, in another stage of solid liquid separation. Other Mills like AREVA’s McLean Lake Mill have used multiple stages of solid liquid separation and have run at lower molybdenum levels in their discharge than we have and our indications are we’ll be meeting -- certainly meeting those levels.

MEMBER GRAHAM: Thank you.

As I say, I realize the efforts. You’ve spent $18 million or thereabouts and all the efforts, but there has not been, other than at the laboratory level, any reduction yet, and that was the -- I think we were looking if the transcripts were read you would think in days -- in future days if you read the transcripts I think you’d think that yes, there was reduction going on right now and everything was -- you’re still very much in the preliminary stage and hopefully in Day 2 this will happen. But at the present time, you’re just working towards that objective but haven’t reached it.

I’ve got a couple of other questions and

not to belabour the issues but one is with regard to fire protection. Unlike Rabbit Lake you didn't burn down the firehouse, but the question I have is you received a "C" in both program and implementation and in reading the document -- and this is to CNSC staff first -- you're following fire code 1995, I read somewhere, and I'm wondering why you wouldn't be moving to code -- the national building code 2005.

Can you confirm today are you going to move to 2005 or is it going to be the 1995 national building code?

MR. RABSKI: Henry Rabski for the record.

All three -- for all three facilities, the condition will reflect the new standard that is accepted, the 2005 versions for the national fire code and the building code.

MEMBER GRAHAM: Thank you.

To Cameco, my only question on fire -- both under program -- fire protection, both under program and implementation; in Day 2 will you be able to have a more specific update on scheduling, on programs and what you're doing to rectify what really is the only one that has got "C's in both implementation program, how you're going to clarify some of this before we look at granting you a licence in Day 2?

MR. HEIGH: For the record, Jered Heigh.

Absolutely. Day 2 is -- we're planning by then we will have the fire protection program for each one of the operations developed and moving along with the action plans and further crossing off more of those deficiencies that were noted.

Just to your first question as well, the recent third party expert that we've had doing assessments on us, they are doing this up to the more -- more up-to-date fire code, not the 1995 version but the 2005.

MEMBER GRAHAM: Thank you.

The other question I have is with regard to decommissioning and this is to CNSC staff.

At the present time you have, I believe, a $45 million plus financial guarantee. You're looking at a new decommissioning plan which will take that up to $98 million. Will that be completed by Day Two and we will be able to then go forward with a recommendation as to a new financial guarantee?

MR. RABSKI: Henry Rabski for the record.

Our intention is that staff will have the review completed by Day Two and that be presented in front of the Commission for acceptance so that we can move forward in revising the actual financial guarantee numbers.

THE CHAIRMAN: Thank you.

Mr. Tolgyesi.

MEMBER TOLGYESI: Thank you, Mr. Chairman.

Thank you. I have one question regarding -- how do you call -- Deilmann sand pit slopes. You had a sloughing there, I don't know on which part exactly it was but what you were saying that according to the studies which were undertaken in 2005 by Golder and yourself, the report could not provide a clear recommendation for remediation.

You were saying also because implementation for slope remediation techniques could precipitate a failure and after you were saying that you still work with Golder; you have some studies with Mittal and geotechnical studies I suppose, it's in that area.

My question is, the slope, what we see there it's steeper than 32, I think it's about maybe 38 or something like that or maybe even 40 degrees.

So what happens if it's there further sloughing, one, other one, if it's all sand pit, did you evaluate what's the risk if it's sloughing all around because you have some stockpiles around and it's reducing quite a bit your storage capacity in tailings?

MR. NEUBURGER: Dave Neuburger for the record.

I'll ask Pat Landine, our Manager of Geo-environmental Engineering to provide you a response to this.

Certainly both in terms of what are the slope angles and would we expect more sloughing from them and the broader issue of what it makes up the walls of the pit, it's not entirely sand; I should point that out but Pat can describe that a little bit for you.

MR. LANDINE: Pat Landine for the record.

Going back to the -- you're mentioning the Golder report from 2006, I believe that was, where it said there was no clear recommendation for a slope stabilization measure. That report was essentially a first cut at looking at slope stabilization measures, maybe more like a scoping study than a pre-feasibility study.

And it identified a number of potential measures but in the absence of defining a failure mechanism we were reluctant to proceed on any one of those measures for -- again, for concerns over safety in implementing it, as well as in terms of not wanting to precipitate a failure while we're doing it.

With respect to the slope angle, it's hard to judge a slope angle from looking at a picture. The measured slope angle right now is between -- essentially

32 degrees.

Hari just whispered to me that it's actually 32 to 34.

As far as the perimeter of sand, it's the west end of the facility really and what -- it was easier to see it when the facility -- or prior to flooding we had a very distinct small west cell we called it and then the very large east cell.

So the west part of the TMF and the pit really, was excavated into a wash sand and so that's the material that's failing. Essentially, the rest of the pit has sandstone pit walls so not subject to the same kind of failure mechanism.

As far as continued sloughing, we have operational experience over the past three years with -- where water level control has been effective and has prevented any further sloughing failures.

MEMBER TOLGYESI: I'm sorry; do you have -- staff, do you have any comments on that? It will hold or it will go?

MR. NGUYEN: For the record my name is Son Nguyen.

It is correct; the slope angle is around -- from 32 to 34 degrees. It's only the west side of the DTMF which has that overburdened sand. On the other side

you have other -- either sandstone or till which is much more -- which has much higher shield strength to resist this kind of sloughing mechanism.

We have heard some remediation options from Golder in the past; some of them include, like stabilization by reducing the slope angle from the top or providing a berm at the bottom of the pit, inside the tailings area.

Those measures are feasible to stabilize the slope. There is some potential of triggering another slough failure if the method of working is not properly engineered; you can have heavy equipment working on top of the slope which might trigger another slope failure, this is why one of the concern for safety during construction.

Although lately when we went to the site and we had a meeting a couple of weeks ago with Cameco, it seems that the engineering has progressed to a much more comfortable level where you -- some action can be -- some remediation action using that idea of stabilizing both from cutting the slope back from the top and putting a berm at the toe could be feasible and observing the safety of construction equipment and workers as well.

MEMBER TOLGYESI: How it will affect the capacity of the pit as a storage?

MR. NGUYEN: Son Nguyen for the record.

One of the option recommended by -- studied by Golder for Cameco is to recycle one of the -- some of the -- almost all of the slough sand inside the pit and put them in what they call geo-tubes which they intend to use as a stabilization berm in the bottom of the pit.

THE CHAIRMAN: Thank you.

Dr. Barnes.

MEMBER BARNES: Well, I think the -- I would agree with Mr. Graham, that there does seem to be some gap between the licensee, Cameco, and Canadian Nuclear Safety Commission staff.

I also want to point out again that there is a significant gap, I think, in the words Mr. Grandey stated at the beginning of the day on operational excellence and treating here a report which has five “C’s in it and some of them, I think, are quite significant and serious and not easy to resolve. Some of the others of the previous licence, I think, can be resolved within -- well within the duration.

So I’ll pick up on just a couple. I mean, one could go on for quite some time here and I’ll try and avoid that. But if I can just pick up on the sloughing issue which of course we discussed earlier.

And in a sense one can argue why would you allow the level of the tailings pond to, in a sense, come

into contact with air. I mean, it's pretty obvious there's going to be some failure; right.

I mean this is loose outwash sand and you're bringing water up to some midpoint on that. And my guess is, it's almost certain to fail over some period of time.

I would say you've been lucky, basically, over the last three years that there hasn't been additional failures and the ones that occurred before took up 19 percent of the capacity of the tailings pond. I mean, this is really, really serious issue in the long-term disposition of tailings and the planning of Cameco here.

So if I -- just a second; I'll go into some of the documents here. Oh, it's on this one.

If we look in the Cameco text, page 16 -- actually it starts on page 15 but basically on 16 and particularly 17, where you said that you had Golder prepare a report before and then the words were that this was kind of a scoping document. And now we have another report from H.K. Mittal, who is with us today I think, and GEO-SLOPE International in 2007 but if you look at the bullets on the -- towards the top of page 17 where it says:

"The following failure mechanisms have

contributed to slope instability after submergence.”

I won’t bother reading them but there are five bullets there and, you know, those to me, those are always basic components of potential failure in any situation like this. This isn’t kind of rocket science or sophisticated geotechnical engineering to me.

And then the following paragraph says:

“All of the above mechanisms acting separately or in combination lead to slope instability.”

But agreeing structure collapse of loose sand is the most credible reason for the extent of the instability. It should be noted that the trigger in most of the failure mechanisms described above is a rising water table.

So again, I just come back to the point. You can’t have this situation of loose sand and bring water up to it without expecting some collapse of sand into the lake, basically.

And on the long-term basis I would say that you should expect more of it and so the issue is how do you stop it and placing a berm at the bottom.

So I’m not quite sure, how -- if there was to be a berm at the bottom where is that in relation to

what we see? How far below water level here would that berm be and how extensive would that berm be?

Could I get an answer to that, perhaps from the licensee? It does seem to be the most favoured option at the present time, excepting that you're still considering a number of options.

MR. NEUBURGER: Dave Neuburger for the record.

We're still considering options and we're still developing options as well. So I think I can ask Ken Gullen initially to speak to some of the work being done to assess options.

I do want to note that one of the, you know, as you note, the increasing water level has contributed to instability. We've held the water level for -- since 2005 which was one of the primary recommendations from the DTMF, the Deilmann Tailings Management Facility Advisory Committee. Since that time we haven't had a sloughing event.

We also see as one very potential mitigating measure is actually reducing the water level, and we have that capability now because holding the water level then meant that we needed to work to expand the capacity of our reverse osmosis plant and, effectively, if we -- to hold the water level we needed to treat more

water from the dewatering wells that surround this area.

We have expanded that reverse osmosis plant. It's been operational at the full expanded capacity since the first quarter of this year and is now treating significantly higher volumes of water than it was earlier.

So that also then creates the possibility for us and where we plan to be moving is to bringing the water level down a little bit over the next number of years and increasing stability compared to what we have right now.

That provides more time, breathing room, assurance, comfort, in terms of slope stability to assess -- first, assess the options for remediation and then very much put in place any remediation option which we know would not be a short term project to put -- to implement a solution to stabilize the slopes.

I also -- before I ask Ken to give you a little more flavour at -- what the options we're looking at, also note that as Les mentioned in his presentation, we're doing tailings option studies at Key Lake as well, as we are at Rabbit Lake, to look at future long-term tailings capacity. And this will weigh-off options around stabilizing slopes and using the Deilmann TMF for the long term or perhaps it makes more sense for us at some point

to move to another facility.

So those things we need to consider as well and we are taking a very holistic view to that by looking at tailings options from -- basically I'm just repeating myself here -- tailings options from both using the existing facility for the longer term and/or using new facilities eventually as well.

So I'll ask Ken Gullen to answer your particular question more on what options we're looking at for remediation.

MR. GULLEN: Ken Gullen for the record.

There is mention to a 2006 report by Golder that looked at basically scoping or just preliminary options for how we might stabilize the slopes. And it was also mentioned that at that time we were concerned for the safety of any workers that may be working around the slopes; that it could initiate a slough, and we're also concerned with initiating a fluff and loss of more tailings area.

What we felt was we need to really understand the mechanisms of failure so that any option we use to firm up the stability of the slopes would not initiate a slough itself.

So we had contracted with experts in the field, H. K. Mittal, and GEO-SLOPE to understand that. In

late 2007 we had some preliminary discussions on that where we looked at some of the results.

We then at that point realized okay, now we have a better understanding. So what we needed to do is to start bringing on a remediation contractor that could come up with options so we'd have the whole picture of how we might remediate the slopes, stabilize the slopes, so that organization could work closely with H. K. Mittal and ourselves.

So, fourth quarter of 2007 we -- the search for firms that had expertise -- extensive expertise in stabilizing slopes and particularly firms that have worked with outwash sands in the past.

We identified two organizations that did meet those requirements. We had discussions with both those organizations, looking at their capabilities in this area and we selected -- it was mentioned it's Golder but it's actually an association of Golder, it's called Golder Associates Innovative Applications and GAIA is the short form, does have extensive experience world-wide and we were very impressed with their capabilities.

We feel very comfortable working with them and as I mentioned, we're working closely together to understand what the best option is.

So Golder is currently working on sort of a

scoping pre-feasibility study on the various options that we could implement. We then can use -- find out all the modelling that has been done on -- to understand the mechanisms to then look at how to ensure that those -- whatever option we select will show -- will be stable and will be effective and will be safe.

MEMBER BARNES: In your reply, I think to Dr. Tolgyesi, especially a comment was that you've been controlling this adequately by the level of the water in the pit.

I note that staff, on page 8 of their report indicates -- but however, CNSC staff have determined that the water level control provides "marginal" stability only and is not a suitable long-term solution to the sloughing issue.

Cameco has identified, preferred a long-terms stabilization options, maybe in the way you've just been speaking but have indicated they see no urgency in implementing them based on the review of the data and literature and independent modelling.

Staff believes that independent stabilization et cetera, et cetera, and therefore are recommending a licence condition.

So I haven't heard any change in what I'll call the urgency issue from Cameco today. You're looking

at this in a sort of a long-term continuing study process, potentially bringing down water levels a little bit and so on.

How do you feel about the licence condition that staff is putting in on this issue?

MR. NEUBURGER: Dave Neuburger for the record.

We do feel that -- well, I should start off saying, we see this, the Deilmann Tailings Management Facility as a very significant risk and one that we are very concerned with as an organization and hence, I believe we do feel a lot of urgency around it. Perhaps the challenge we have is we need to understand and ensure that we understand the options well. And I don't want to leave the impression that urgency in addressing stabilizing the Deilmann TMF can mean that I can tell you today or I could tell you by Day Two what we are going to be doing to stabilise our slopes because it is complex. Any slope stabilisation will be a significant project that will take some time. I know that and we need to understand in -- in whatever means we move forward. We need to understand that we have a plan and a means that will ensure the safety of our personnel and those of anyone working on stabilising the slopes. We want to ensure that the solution doesn't create anymore sloughing

situations and we need to understand how long it will take and what it will mean in terms of capacity.

So at some point, it needs to be -- if the solution takes so long or reduces capacity sufficiently, or to such a great extent, it may make more sense for us to be moving down the road of having less capacity that we'll eventually use from the Deilmann TMF and moving to another facility.

So that becomes a very complex decision, which I cannot -- I couldn't stand in front of you today and tell you that we are able to meet that very quickly. I think that perhaps is the reason for the difference in the view of urgency.

I would say and what we try to reflect in all the work we've been doing here is that through engaging experts in looking at stabilisation methods through embarking upon tailings options study that looks at potentially new facilities through the work we've done to understand the mechanism over the last 18 months or so, those are all ways that we demonstrate; we've been adding resources to this problem and we've been demonstrating urgency to deal with the issue of the stabilising the Deilmann TFM and gaining some confidence in its ongoing performance.

MEMBER BARNES: Okay, but I still think

this is a critical issue in the licensing issue that we are addressing here. From the information you give us dealing with the capacity of the DTMF, which you cover on page 19 to 21 of your report, and correct me if I'm wrong in these figures, but you have available capacity of 2.1 million cubic metres. In the last licence period, you inputted basically a million cubic metres. So you would have two cycles of five years left, except I guess within that -- I'm not sure in that one million whether you included the 19 percent that was sloughed or whether that's in addition to that.

So again, quite easily within more sloughing, you might only have one licence period of five years. So how you are addressing this disposal of tailings I think is quite, quite an important process because you're saying, you know, in an operation of excellence and you have this. Surely there needs to be some long-term planning and if you are going to give up on this facility, then I think the Commission would like to know, well, where is the next option? All these things take a fair amount of time planning and approval in place.

So I would hope on Day Two that we would have perhaps a further revisit of this not from what we know but I think you only shared with us some of the material from the last year's report. It would be good to

have again a cross-section of the DTMF.

Specifically, you say at the present time that the tailings levels are at 460 metres above sea level, but you suggest going to 476 and then 490 metres above sea level. That's correct? With further emplacement of tailings in the pit and so, on the one hand, I'm hearing, "well, we'll just lower the water level" and then here, looking ahead in some of the other descriptions, you are adding more and more tailings to it. So I'm not quite -- it's not very clear what the plan and the options are, to be entirely frank here.

MR. NEUBURGER: No. Dave Neuburger for the record.

I can appreciate it isn't, and that's one of the complex interactions I'm trying to -- I was trying to express, not very clearly.

If we are to move forward with higher elevations of tailings deposition, for example, 490 in the Deilmann TMF, I think we recognize that that is intricately linked with stabilisation of the west cell. But that has to be weighed off. Those types of options have to be weighed off ultimately with will it make more sense to just deposit tailings to 466 elevation, for example, and eventually shift to a new tailings facility in the ten-year window or so that we believe we have

capacity up to 466.

So that's why it's difficult to demonstrate the urgency and saying we know we are going to have a stabilisation means agreed to at a certain date, because it needs to be considering does it make more sense to shift to a new facility? What do we understand for the capacity we would have if we stabilized the west cell and move to a 490 on the Deilmann TMF versus what would we face with a new facility?

But you are absolutely correct, those two are linked. We wouldn't be expecting to move forward with application to eventually deposit tailings to 490 metres above sea level without clearly putting in place stabilisation of the slopes of the facility.

MEMBER BARNES: I think what I was trying to get at here in this discussion is that in the way that you've outlined it here, I don't think this is a fair frank analysis of the issues.

And so on the one hand, we read this and then we read the staff, which I would say are somewhat in conflict of how you control the situation, and it's not, to me, a mature, fair, objective analysis of a company that's coming and saying, "I want my licence renewed and this is one key problem we have and I'm asking for a five-year licence and over the period of either this licence or

the next one, we have some really serious issues of tailings disposal and here are the possible options. And this is what we are going to do to come to some detailed analysis of those options."

So if I go into a second topic, which I'll now stop, Mr. Chair, but it's the issue of the loadings. And this has been discussed by a couple of Commissions, so I can keep it fairly tight.

But on the other hand, again, it comes back to operational excellence and staff told us that in the last licence there was a licence condition that said in a sense you will not increase molybdenum, selenium loadings during the period of the licence. Is that correct, staff?

MR. COURTNEY: Peter Courtney for the record.

The licence condition said that an action plan had to be put in place and implemented, which would have resulted in reductions but since they didn't get it into Phase 1, it is just being commissioned now. It wasn't in place and there weren't any reductions.

MEMBER BARNES: Right. So I mean this is my point coming back to operational excellence and C's. What do we see? We see on Cameco's text and, particularly, Table 3, Page 10 of 29, which is the Wolfe Lake discharge, the mass loadings is -- if you look at the

moly and selenium, it's basically a 50 percent increase. So moly in 2004 was 1,250 -- around the mark of 1,250 kilograms, and it's gone up to 1,700 -- yes, 1,750 kilograms and the selenium goes from 33.2 to 51.2.

So is the company being asked to put some controls on these two and the licensee, just in its own words, immediately below that says, "molybdenum and selenium continue to be the prime elements of concern in terms of potential for causing chronic effects in the receiving environment."

So in the spirit of ALARA and what we heard from staff specialists of the efforts that should be made to limit this for long-term receiving environment of particularly these two troublesome elements, we see during the last term, a five-year term, that through the processes that you are asking a licence for, the dumping out here has gone up 50 percent. All right?

And so through that period, you've worked out a process but again it's taken until the five years before you now get to putting stage one and when the Chair asked, you know, what are the results, well, we don’t know the results at this time so now we’re going into a licence, et cetera. So I guess it’s partly covered by another licence condition.

So it comes back to the urgency. We’ve

heard that you're spending $18 million, so I mean clearly you're taking this seriously but I think the company is proceeding in its business of processing uranium and yet the environment is suffering significantly through this time.

Again, I think there's maybe this gap of either perception from the overarching words of the company or what it's trying to achieve versus what the reality is over the last five years and looking ahead forward.

So I think these are fairly serious issues and I don't know if you have any further comment on that.

MR. NEUBURGER: Dave Neuburger for the record.

I would comment that the licence condition on moly and selenium reduction was a licence condition that was added at the licence amendment hearing that we had in January 2006; associated with the midterm review for Key Lake. Sorry, January 2007, I'm sorry.

And the action plan that was spoken to was developed between a -- agreed to between Cameco and CNSC staff in December of 2006, I believe, just prior to that hearing.

That all -- so from our perspective we've moved actually very quickly on this issue. There was --

the concerns over selenium and molybdenum and our understanding of the impacts on the environment were raised by CNSC staff and during our work at moving forward with an environmental assessment to increase our production limit at Key Lake and McArthur.

And subsequent to that being raised there was a -- CNSC staff carried out an assessment of current operations, given their level of concern over the downstream environment in the David Creek drainage system.

We have been -- since we've developed that action plan and since we've been in discussion with CNSC staff over that concern and started to better understand it through our environmental effects monitoring, we have been acting very quickly on putting in place change to our effluent treatment circuit in order that we can reduce moly and selenium.

That's, in my mind, actually is exactly what is expected out of operational excellence.

MEMBER BARNES: But I think one question is, are you responding because the staff advised you that there was a problem with selenium and moly and you should do something about it or is the company recognizing that if you're in that business there's going to be some contamination from those two particular troublesome components and that you should be doing something about it

at a significant level?

It's been intriguing in the media this week, in the area of New Brunswick where people have been trying to -- from an exploration and also the Commission staff going there that discuss uranium exploration, then you'd know there's been a very strong public concern, to put it mildly, with comments about, well, would you want to live near a uranium mine; all right.

And so if you're in the business -- this is a world leading company coming back to the kind of level of excellence here. I think the Commission would expect a company like that in this business to try to reduce the environmental impact of this so that if there is a need for uranium in the decades ahead then one would work to try to reduce the reality of environmental impact and through that -- through doing that the level of public fear and concern on this.

And so from what I heard you say that you're essentially responding to some of the requirements that CNSC staff have put on here; whereas we've tried and not only with yourself but with the power reactors to say the responsibility of meeting these requirements, licence requirements is really on the position of the licensee, not on the staff, and that it's for you as a company to recognize that the urgency and the need to solve these

problems as opposed to doing it through licence conditions.

MR. GRANDEY: Gerald Grandey for the record.

You know, part of the issue that we face, Dr. Barnes, here, is that there's no doubt dealing with historic facilities, if you go back five, 10 years, environmental leadership was not even the lingo of any of the operators, clearly in the mining industry and certainly not in this one.

And we recognized and the staff helped us understand and I'm not sure this is a very good example with selenium and molybdenum but aside from some of the arguments that we had about the science and the significance, ultimately we concluded with the staff that we ought to put ourselves on a path of dealing with moly selenium. We began looking at, you know, the host of elements that are out there across all of the operations.

So to conclude that something that dates back a long time, because this is not concentrations in water; this is build up in the sediments over 25 years and looking forward as is it a problem now or will it be a problem upon decommissioning and what should we do about it.

To conclude that that historic problem that

we have stepped up to and started spending money on with commissioning facilities is a reflection, because we had to work with the staff of an absence of environmental leadership, I don't agree with you. I think it's -- as Dave Neuburger said, many of these things that we're dealing with are historic.

The company has adopted a policy of trying to move toward environmental leadership. We never promised that we're going to be perfect but you can see with the number of people that are here and the amount of effort and money and time being devoted to these issues, that the company is absolutely committed to striving for and achieving environmental leadership.

MEMBER BARNES: So you haven't committed to being perfect but I think you have committed to ALARA in general; would that be correct?

MR. GRANDEY: Absolutely. Absolutely and I think that's reflected and has been reflected in things this company has done for 20 years.

THE CHAIRMAN: I think what you hear here is the frustration of some of my colleagues who have been around here for a lot longer than I have and have some corporate memories on some of the things.

Not having the same benefit of experience here I take you -- investment and obtaining to become a

leader is something that we will try to hold you to that particular commitment moving forward.

We will try to make sure that we monitor this progress on a lot more tighter kind of -- a more rigorous way and hopefully we can see this -- I'm still looking for some "A's in the scorecards and we will give you hints as to -- in Day Two, the kind of issue that we believe you should be dealing with.

Now, I'm conscious about the time; we've got two more big files going on so I don't want to shutdown the question but if you have anymore kind of pressing questions now is the time.

I didn't scare you from -- okay.

(LAUGHTER/RIRES)

THE CHAIRMAN: Well, thank you very much.

You're going to do your closing?

MR. LEBLANC: I will do that.

So this brings to a close this public hearing. It is to be continued with Day Two on September 17th, 2008, again at the Delta Bessborough in Saskatoon.

The public is invited to participate, either by oral presentation or written submissions on Hearing Day Two.

Persons who wish to intervene on that day must file submissions by August 18, 2008. Supplementary

CMDs from Cameco and CNSC staff should be filed as soon as possible, by no later than September 10th, 2008.

The hearing is now adjourned to September 17th, 2008.

We will reconvene in 12 minutes, at 16:20.

THE CHAIRMAN: I think we can manage 16:30.

MR. LEBLANC: Sixteen thirty (16:30). That's 22 minutes. Okay, you're the boss.

--- Upon recessing at 4:09 p.m./

L'audience est suspendue à 16h09