

# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

## Special Situation – April 2021 Update

www.encoreenergycorp.com



### enCore Energy Corp. (C\$ 1.16)

TSX.V	: EU
OTCQB	: ENCUF
H+L prices (12 months)	: C\$ 1.45– 0.15
Issued shares	: 197.8 million
Fully diluted	: 225.4 million
Market capitalization	: C\$ 229.4 million (US\$ 182.4 million)

**2021 price target: C\$ 1.40**

### Company profile

**enCore Energy Corp.** (“**enCore Energy**”) is an uranium developer and explorer focused on advancing its portfolio of ISR and conventional uranium assets in the **United States**.

The Company’s primary package is located in **New Mexico, Arizona, Utah** and **Wyoming, USA**. The flagship **Crown Point** and **Hosta Butte projects** contain large ISR-amenable uranium deposits, with **over 30 million pounds of uranium resources**.

The Company also holds the **Marquez** and **Treeline projects** in **New Mexico**, as well as a number of high-grade breccia pipe targets in **Utah** and a leading position in the high-grade **Northern Arizona Strip** district.

Effective September 2020, **enCore** has entered into a binding letter of intent with **Westwater Resources** to acquire all of Westwater’s United States uranium assets. These assets included two licenced **Texas-based** uranium production facilities, mineral exploration leases in **Texas** and more than 270 square miles (180,000 acres) of patented mineral rights in **New Mexico** with four projects containing significant historical mineral estimates. The transaction closed on January 5, 2021.

The Company has exclusive access to one of the largest uranium data bases in the **United States**.

Total compensation accruing to **Westwater** as part of the deal is expected to be in excess of C\$ 1.95 million in **enCore** shares and royalties from future production from the New Mexico properties.

All remaining reclamation liabilities and bonding obligations for the Texas uranium properties will be transferred to **enCore** at the time of the sale with the transaction to be expected to close on or before December 31, 2020.

Based on two uranium production facilities in **Texas** with potential for expansion and existing NI 43-101 and a leading land position in the **Grants Mineral District** and the **SW United States**, **enCore Energy’s** clear goal is to become the premier ISR production company in the **United States**.

# Major Asset Summary

## TEXAS:

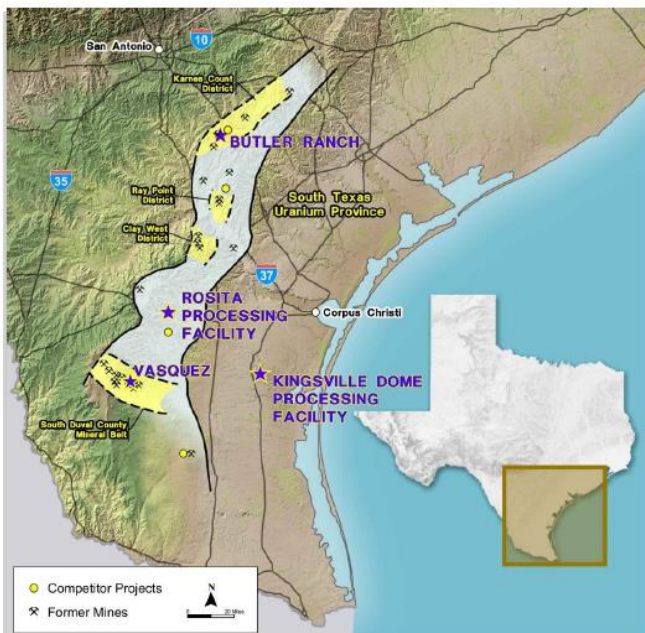
Two licensed ISR uranium production facilities with combined nameplate capacity of over 1.6 million pounds of U<sub>3</sub>O<sub>8</sub>

## NEW MEXICO:

Dominant position in United States' largest historic uranium district with 300,000 acres (468 sq. miles) of patented mineral rights containing at least 26 M lbs. of Indicated NI 43-101 resources<sup>1</sup>, 6 M lbs. of Inferred<sup>1</sup> and 89 M lbs. of Historic Mineral Resources<sup>5-12</sup>

## OTHER ASSETS:

- Growth pipeline of exploration assets in Wyoming, Utah and Arizona
- 40% interest in Group 11 Technologies, a private company developing in-situ recovery methods using non-toxic solutions to recover precious and other metals from a variety of deposit types



## Texas Uranium Assets

### Texas

- ▶ A prolific US district for sandstone-hosted ISR production with historic production of ~80 million pounds
- ▶ Most progressive permitting and production jurisdiction in the US
- ▶ 47 identified deposits with ~60 million pounds of in-situ mineralization remaining<sup>2</sup>
- ▶ The USGS estimates the potential to discover an additional 220 million pounds<sup>3</sup>

## Near Term Growth Production Rosita Processing Facility South Texas

- ▶ Kingsville Dome and Rosita Central Processing Plants (“CPP”) have combined nameplate uranium production capacity of 1.6 million pounds U<sub>3</sub>O<sub>8</sub> per year
- ▶ Rosita CPP received a full refurbishment and drying capacity in 2008.
  - ▶ First in line for additional refurbishments because it is the lowest cost and fastest timeline to return to commercial production capability
- ▶ Kingsville Dome CPP received a full refurbishment in 2005
  - ▶ Will require additional refurbishments, dependent on market
- ▶ Designed to process feed from multiple satellite operations
- ▶ Experienced and trained workforce to act as a core to build a production operations organization



Kingsville Dome Central Processing Plant located in Kleberg County

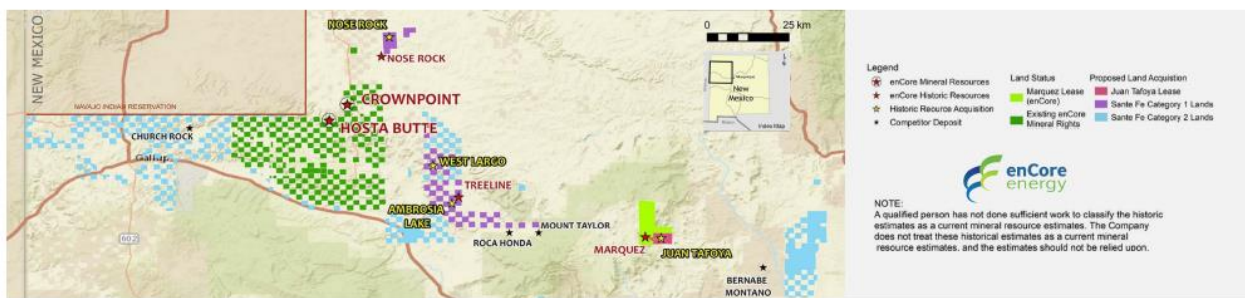


Rosita Central Processing Plant located in Duval County

## Dominant New Mexico Position

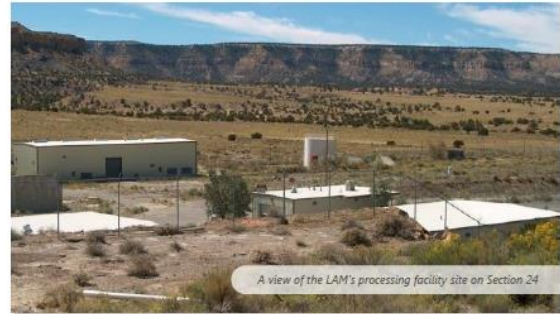
Several properties already identified as amenable to ISR, consistent with EnCore’s ‘ISR First’ strategy

- ▶ New Mexico’s Grants Uranium District has produced ~350 M lbs. of U<sub>3</sub>O<sub>8</sub>, or nearly 40% of all uranium mined in the US and is one of the largest uranium districts in the world
- ▶ Additionally, over 400 M lbs. of unmined mineralization has been identified and several projects are being advanced towards production<sup>4</sup>
- ▶ enCore holds a ‘checkerboard’ position of 468 sq. miles (300,000 acres) of mineral rights (known as the Frisco and Santa Fe railroad grants) with no holding costs or work commitments
- ▶ The mineral rights cover several deposits and vast area along the trend with excellent exploration potential



## New Mexico: Crownpoint & Hosta Butte Project

- ▶ A large ISR-amenable project that hosts 26 million Indicated pounds and 6.1 million Inferred pounds<sup>1</sup>
- ▶ Crownpoint is permitted under Laramide Resources' ("LAM") Nuclear Regulatory Commission License to recover up to 3 million pounds per year
- ▶ Located within 5 miles to a licensed processing facility site
- ▶ Three existing shafts for underground production were developed by Conoco in the 1980s



**Crownpoint and Hosta Butte Current Mineral Resource Estimate<sup>1</sup>**

	Resource Category	Million Tons	Grade eU <sub>3</sub> O <sub>8</sub> %	Attributable U <sub>3</sub> O <sub>8</sub> (M lbs)
Crownpoint	Indicated	7.88	0.102	16.1
Hosta Butte	Indicated	4.80	0.109	10.5
<b>Total Indicated</b>		<b>12.68</b>	<b>0.105</b>	<b>26.6</b>
Crownpoint	Inferred	0.71	0.105	1.5
Hosta Butte	Inferred	2.05	0.112	4.6
<b>Total Inferred</b>		<b>2.76</b>	<b>0.110</b>	<b>6.1</b>

## Uranium Deposit Resource Overview

**Current Mineral Resources – Crownpoint and Hosta Butte Project, New Mexico<sup>1</sup>**

Resource Category	Million Tons	Grade eU <sub>3</sub> O <sub>8</sub> %	Attributable U <sub>3</sub> O <sub>8</sub> (M lbs.*)
Indicated	12.68	0.105	26.6
Inferred	2.76	0.110	6.1

**Historic Mineral Resources – Significant Projects\***

Project	Million Tons	Grade eU <sub>3</sub> O <sub>8</sub> %	U <sub>3</sub> O <sub>8</sub> (M lbs.*)
Juan Tafoya - Marquez (New Mexico) <sup>5,6</sup>	12.3	0.119	29.3
Nose Rock (New Mexico) <sup>7,8</sup>	11.8	0.148	35.0
West Largo (New Mexico) <sup>9,10</sup>	2.9	0.300	17.2
Ambrosia Lake (New Mexico) <sup>10,11,12</sup>	2.0	0.176	7.1
Moonshine Springs (Arizona) <sup>13</sup>	1.4	0.165	4.7
Butler Ranch (Texas) <sup>14</sup>	0.4	0.15	1.3
Rosita (Texas) <sup>15</sup>	0.4	0.082	0.6
<b>Total Historic Mineral Resources</b>			<b>95.2</b>

\*The Company's QP has not done sufficient work to classify the historical estimate as a current mineral resource. The Company is not treating the historical estimate as a current mineral resource and it should not be relied upon.


➤ **Formation of Group II Technologies – 40% interest**

In September 2020, **enCore Energy** reported that it has completed necessary agreements to acquire 40% of **Group II Technologies**, a **United States**-based private company to testing and implementing non-invasive extraction technologies (“in-situ recovery” or “ISR”) of precious metals with the use of environmental-friendly solutions.

Other shareholders of **Group II Technologies** are **Environmental Technologies** with 40% and **Golden Predator Mining** with 20%.

**enCore** has contributed \$ 750,000 in initial funding and will provide in-situ extraction expertise.

## Appendix - Investment Asset: Group 11

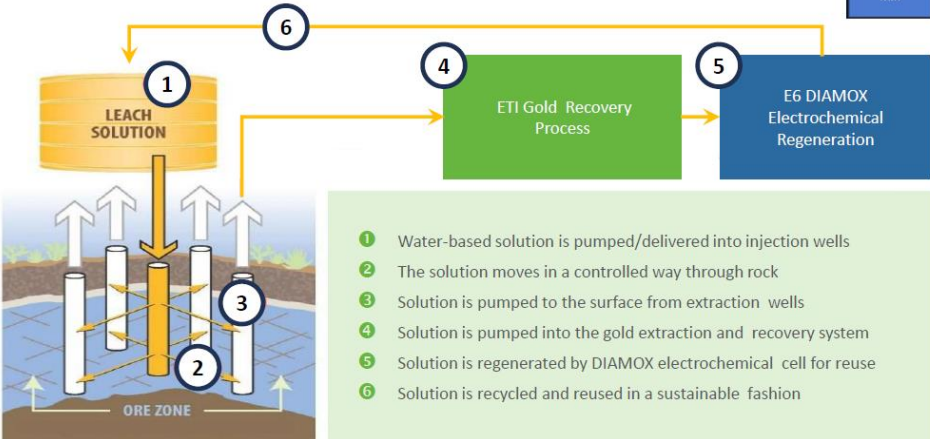


**The Future of  
Gold Mining...  
Group 11  
Technologies**

### Non-Invasive In-Situ Gold Recovery...

40% EU ownership of Group 11 Technologies Inc., a private US Corporation

**Grp**  
11.11



- 1 Water-based solution is pumped/delivered into injection wells
- 2 The solution moves in a controlled way through rock
- 3 Solution is pumped to the surface from extraction wells
- 4 Solution is pumped into the gold extraction and recovery system
- 5 Solution is regenerated by DIAMOX electrochemical cell for reuse
- 6 Solution is recycled and reused in a sustainable fashion

*An alternate solution to conventional precious metals extraction*  
[www.gr11tech.com](http://www.gr11tech.com)

### Management

**Paul Goranson, MSc, P.E., Chief Executive Officer, Director** has thirty years of mining, processing and regulatory experience in the uranium extraction industry that includes both conventional and ISR mining. He previously served as Chief Operating Officer of Energy Fuels, President of Cameco Resources, Uranerz Energy and has held senior positions with Mestena Uranium LLC, Rio Algom Mining Corp. (a BHP subsidiary) and Uranium Resources Inc.

**William M. Sheriff, MSc. B.Sc, Executive Chairman** was a pioneer in the uranium renaissance s co-founder and Chairman of Energy Metals. He was responsible for compiling he largest domestic uranium resource base in the US history before the company was acquired by Uranium One for \$ 1.8 billion. Mr. Sheriff also founded and serves as Chairman of Golden Predator Mining. He co-founded and previously served as Chairman of Till Capital and EMC Metals, and as a Director of Western Lithium USA, Uranium One, Midway Gold, Eurasian Minerals and Starcore International.

**Dr. Dennis Stover, PhD, BSC, MSC, Chief Technical Officer, Director**, has a 40-year career focused on direct involvement with commercial uranium exploration, project development and mining operations. He previously served as Executive Vice President, Americas for Uranium One, where he oversaw commercial development of Uranium One’s substantial U.S. conventional and ISR uranium assets.

**Richard M. Cherry, BIS, Independent Director**, is a veteran executive with over 40 years of experience in the nuclear industry, having worked for several leading companies in the areas of uranium mining, production, conversion, marketing and power generation. He previously served as President and CEO of Cotter Corporation and Nuclear Fuels, both affiliates of General Atomics Corporation.

**Mark Pelizza, MSc, CPG, Independent Director**, has spent 40 years in the uranium industry with direct project experience including several ISR operations in Texas. He has also led permitting and licensing of the Church Rock and Crownpoint projects in New Mexico and the North Platt project in Wyoming. Currently he is principal of M.S. Pelizza & Associates.

**William B. Harris, Director and Audit Chair**, is a partner of Solo Management Group, an investment and management consulting partnership. He is currently also a member of the board of directors and Audit Committees of Till Capital, EMC Metals and Silver Predator. He was previously a board member of Energy Metals, Chairman and Executive Committee member of the American Fiber Manufacturers Association.

**Nathan A Tewalt, BSc, Independent Director**, has over 25 years of experience in exploration and management positions in the Western U.S. He served as President and CEO of Standard Uranium which was acquired by Energy Metals in 2006.

## **Finance**

On March 9, 2021, **enCore Energy** announced that it has completed a private placement of 15 million units of the Company at a price of C\$ 1.00 per unit for gross proceeds of C\$ 15.0 million.

Each unit is comprised of one common share in the Company and one half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of C\$ 1.30 for 36 months following the closing date of the Offering.

The net proceeds raised from the Offering will be used by the Company for the refurbishment of the Rosita Plant to operational status, completion of ongoing reclamation activities and for general corporate purposes.

On April 6, 2021, **enCore Energy** announced the Company executed an agreement to purchase 200,000 pounds of uranium concentrate for a purchase price of \$ 29.65 per pound U3O8. The spot market purchase, made in mid-March, will be delivered from the Company's account in mid-April.

The Company utilized existing funds for this purchase.

This initial purchase was made to de-risk future uranium deliveries associated with anticipated contractual production timelines from its planned ISR operations.

The purchase strengthened **enCore Energy's** working capital and provides optionality in support of future capital development of its South Texas assets.

## Investment comments:

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Based on two uranium production facilities in **Texas** with potential for expansion and existing NI 43-101 and a leading land position in de **Grants Mineral District** and the **SW United States**, **enCore Energy**'s clear goal is to become the premier ISR production company in the **United States**.

Within a year, **enCore Energy** has developed into the most outstanding exploration/development company focused on the **United States**. This resulted in the Company's share price having multiplied from a low of C\$ 0.17 at year-end 2019 to a 12-month high of C\$ 1.45 last year, thereby realizing my 2021 price target of C\$ 1.40.

However, at a current share price of C\$ 1.16, representing a market valuation of ~US\$ 182 million, in my view, **enCore Energy** still offers a high investment leverage potential.

**My 2021 price target remains C\$ 1.40.**

## Overviews of worldwide uranium production and exploration companies by country

April 13, 2021	Trade symbol	Share price		Change	12 months		Market capitalization	
		April 13 2021	year-end 2020	in %	H	L	million	
<b>United States</b>								
<b>Stand-by producers:</b>								
		US\$	US\$		US\$	US\$	US\$	US\$
Energy Fuels 1)	NYSE MKT UUUU	5.77	4.26	35	7.83	1.24	818.8	818.8
Uranium Energy	AMEX UEC	2.81	1.76	60	3.68	0.64	647.8	647.8
Ur-Energy	NYSE MKT URG	1.10	0.80	38	1.58	0.42	207.8	207.8
Peninsula Energy 2)	NYSE OTC PENMF	0.10	0.11	-8	0.13	0.02	92.9	92.9
<b>Development / Exploration:</b>								
		C\$	C\$		C\$	C\$	C\$	US\$
enCore Energy 3)	TSX.V EU	1.16	0.94	23	1.45	0.15	229.4	182.4
Laramide Resources 4)	TSX LAM	0.48	0.36	33	0.59	0.20	80.1	63.7
Azarga Uranium	TSX AZZ	0.26	0.24	8	0.32	0.15	60.4	48.0
Standard Uranium	TSX.V STND	0.23	0.20 *	18	0.38	0.12	21.3	16.9
Anfield Energy	TSX.V AEC	0.11	0.10	-9	0.16	0.05	19.3	15.3
Virginia Energy 5)	TSX.V VUI	0.30	0.11	173	0.39	0.05	17.2	13.7
		A\$	A\$		A\$	A\$	A\$	US\$
Superior Lake Resources	ASX SUP	0.15	0.15	3	0.24	0.05	23.0	17.5
1) leading US-based mining company; <u>White Mesa Mill</u> also to produce vanadium and capable to produce REEs								
2) also uranium assets in South Africa								
3) completed the acquisition of uranium assets of <u>Westwater Resources</u> in <u>Texas</u> and <u>New Mexico</u> in enCore shares; ; transaction closed on January 5, 2021								
4) also projects in Australia								
5) suing state of <u>Virginia</u> on uranium ban to access \$ 6 billion deposit; trial still to be scheduled								