

## enCore Energy (EU, EU-CN)

### *Abrupt CEO Departure a Blow to the NT Ramp at Alta Mesa*

#### Event

On March 3rd **enCore Energy (EU)** announced financial and operational results for the full year ended December 31, 2024. Overshadowing the results was the fact that it was announced that Mr. Paul Goranson was no longer serving as the company's CEO and no longer a member of the Board. Mr. Robert Willette was named as the acting CEO, effective immediately. As evidenced by the nearly 50% decline in the share price, Mr. Goranson's departure was unexpected and comes at a critical time as the company begins to navigate the slow production ramp-up at Alta Mesa. Knowing how crucial and intertwined Mr. Goranson was with Alta Mesa (from original design, operation and ultimately acquisition by enCore in 2022), we view his sudden departure as negative.

#### Details

- **Alta Mesa's Slow Production Ramp** – In terms of developments at Alta Mesa, uranium extraction from Wellfield 7 progressed faster than planned, outpacing wellfield replacement due to a limited number of drilling rigs in operation at the time. Towards the end of 2024, the company increased its drilling rig count from 6 in Q1/2024 to 17, while also implementing organizational changes to enhance coordination and improve efficiency in wellfield extraction. Given production startup in June 2024, consolidated uranium production amounted to 288,589 lbs for the year (combined from Alta Mesa and Rosita) and captured on ion exchange resin. Towards the end of 2024, the company increased its drilling rig count from 6 in Q1/2024 to 17, while also implementing organizational changes to enhance coordination and improve efficiency in wellfield extraction.
- **Expensive U3O8 lbs Purchased** – FY/2024 sales amounted to 720,000 lbs at an average sales price of \$81.02 per lb (excluding converter and transaction costs). The company used 580,000 lbs sourced from purchased uranium (at \$100.75 per lb), and 140,000 lbs sourced from operations (at a cash cost of \$35.99 per lb).
- **Dewey Burdock in the Midst of Permitting** – The PEA level project is currently in the midst of Class III and Class V injection permitting. An upcoming drill program may have the potential to materially increase the current resource which stands at 17.1M lbs in the M&I category along with 0.7M lbs in the Inferred category. In the absence of any resource increase, we currently estimate Dewey Burdock's production potential to extend over a 13 year LOM averaging 870,000 lbs per year.

#### Conclusion

We highlight that enCore Energy maintains (as of December 31, 2024) 8.30M lbs U3O8 in committed uranium sales from 2025 through 2033. A total of 6 of the current contracts provide the optionality to add an additional 2.2M lb U3O8 through 2033. As of the end of the year, uranium inventory amounted to 358,408 lbs. We remain constructive on the outlook for the company however acknowledge the CEO's abrupt departure will cause unease in this critical ramp-up phase at Alta Mesa. Our 1.15x NAV8% multiple (lowered from 1.20x previously) equates to a price objective of \$2.75 per share, or upside of ~105% from the most recent, post-selloff close. The full details can be found [here](#):

#### Company Profile

Sector	Mining
Sub-Sector	Uranium
Ticker	EU
Ticker	EU.CA

Current Price (\$)	\$1.35
12-Mth Price Objective (\$)	\$2.75
Potential Upside	105%
Mkt Cap, Basic (\$M)	\$281.5M
Mkt Cap, FD (\$M)	\$296.4M
EV (\$M)	\$263.1M
Shares O/S Basic (M)	185.9
1-Mth Return	-40.9%
3-Mth Return	-52.2%
YTD Return	-50.5%

	2024e	2025e	2026e
U3O8 Production lbs	288,589	700,000	1,490,000

LOM Production lbs	25,311,000
LOM avg. Cash cost\$/lb	\$18.22
LOM avg. AISC\$/lb	\$38.23

Measured & Indicated	PPM U3O8	Attrib. lbs
Alta Mesa (70%)	111	2.4M
Dewey Burdock	116	17.1M
Gas Hills	101	7.7M
Crownpoint/Hosta Butte	105	26.6M

#### Company Description

**enCore Energy is a NYSE and TSXV listed in-situ recovery (ISR) uranium company with projects spread throughout Texas, South Dakota, Wyoming and New Mexico. The company currently owns three fully licensed U processing facilities in Texas (Rosita, Alta Mesa & Kingsville Dome). Rosita began production in 2023 while Alta Mesa began re-started ISR production in 2024.**

#### 2-Year Stock Chart



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