

## enCore Energy (EU, EU-CN)

### Alta Mesa Now in Production; What's Next in the Portfolio ?

#### Event

Last week enCore Energy (EU) announced the successful production re-start at the Alta Mesa Uranium Central Processing Plant and wellfield. Given this milestone production announcement, we can now expect for production to gradually increase as additional injection and recovery wells are tied in to the production lines. That said, the first shipment of uranium is expected to occur in ~60 to 90 days. In terms of pipeline projects a production ramp at Rosita is envisioned along with material production from Dewey Burdock. On back of this milestone announcement, we increase our targeted NAV<sub>8%</sub> multiple from 1.10x to 1.15x to reflect the further de-risked portfolio. Our 12-month price objective increases to \$6.10 per share representing +48% upside from the previous close.

#### Details

- **Alta Mesa Production Started, Now Ramping Higher** – From acquisition close in February 2023 to official ISR re-start as announced last week, progress at Alta Mesa over the last ~15 months has been quick as the enCore team successfully navigated through the completion of upgrades and the installation of the needed wellfields. At present, oxygenated water is being circulated in the wellfield through injection or extraction wells plumbed directly into the primary pipelines feeding the CPP. The phased ramp-up from Production Authorization Area 7 (PAA-7) is expected to extend to PAA-8 by 2026 at which point full production capacity of 1.5M lbs per year is expected to be reached.
- **Rosita has the Potential for Much Higher Production** – Though currently producing from the small PAA-5 (currently as a proof of capability project), intake from the Upper Spring Creek project (expected by 2025) may materially extend Rosita's production volume to near capacity along with a potential 3-5 year LOM. Guidance for Rosita has yet to be disclosed due to the significant permitting work currently being advanced.
- **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 aggressive 100 hole drill program is currently budgeted (~500 ft. per hole) for Dewey-Terrace (Wyoming). The purpose of this drill campaign is to link the existing Dewey Terrace property to Dewey-Burdock and include 15 miles of trend. This campaign has 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

Given our LT \$120/lb LT uranium price objective and adjusting for recent corporate updates our targeted NAV<sub>8%</sub> multiple increases from 1.10x to 1.15x implying a 12-month price objective which equates to upside of +48% from the recent close. Note that enCore shares currently trade at a 0.78x P/NAV, compared to ISR peers URG and PENMF trading at 0.49x and 0.46x respectively. The full details can be found [here](#):

#### Company Profile

|                             |          |
|-----------------------------|----------|
| Sector                      | Mining   |
| Sub-Sector                  | Uranium  |
| Ticker                      | EU       |
| Ticker                      | EU.CA    |
| Current Price (\$)          | \$4.11   |
| 12-Mth Price Objective (\$) | \$6.10   |
| Potential Upside            | 48%      |
| Mkt Cap, Basic (\$M)        | \$675.0M |
| Mkt Cap, FD (\$M)           | \$761.6M |
| EV (\$M)                    | \$705.4M |
| Shares O/S Basic (M)        | 173.5    |
| 1-Mth Return                | -12.6%   |
| 3-Mth Return                | +1.0%    |
| YTD Return                  | +4.6%    |

|                     | 2024e   | 2025e     | 2026e     |
|---------------------|---------|-----------|-----------|
| U3O8 Production lbs | 480,000 | 1,000,000 | 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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