

enCore Energy Corp. (TSXV:EU)

Rosita Refurbishment on Track for Completion in Q2/22

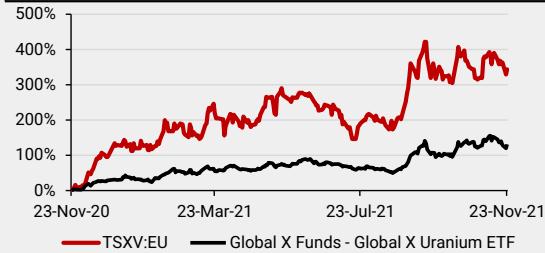
Development Update

November 24, 2021

(Currency is CAD\$ unless noted otherwise)

	Basic	Diluted
Closing Price (\$/sh)	\$1.82	
Rating	BUY	
Target (\$/sh)	\$2.75	
Return to Target	51%	
52 Week Low / High	\$0.40 / \$2.27	
CAPITALIZATION		
Shares Outstanding (M)	200.2	226.2
Market Capitalization (\$MM)	\$364.4	
Enterprise Value (\$MM)	\$341.2	
Cash and Cash Equivalents (\$MM)	\$23.1	
Total Debt (\$MM)	\$0.0	
STOCK CHART		
		

RELATIVE PERFORMANCE



NET ASSET VALUE

	C\$M	C\$/sh
Project NAV	\$955.5	\$2.86
Corporate NAV	\$915.3	\$2.74

RELATIVE VALUATION	US\$ EV/lb U ₃ O ₈	P/NAV
enCore Energy Corp.	\$2.70	0.66x
Peers *	\$4.61	0.67x

* S&P Capital IQ Pro

MAJOR SHAREHOLDERS

Management (4.89%), Mirae Asset Global Investments Co., (4.26%), Exchange Traded Concepts, LLC (3.91%)

DISCLOSURE CODE:	1,2,3,4
(Please refer to the disclosures listed on the back page)	

Source: RCS, Company Information, Capital IQ

Company Description

enCore Energy Corp. is a U.S. domestic uranium developer focused on becoming a leading in-situ recovery (ISR) uranium producer. The company's portfolio of assets includes two South Texas production facilities (Rosita and Kingsville Dome) and multiple uranium projects located across the United States (South Dakota, New Mexico, Wyoming, Utah and Arizona).

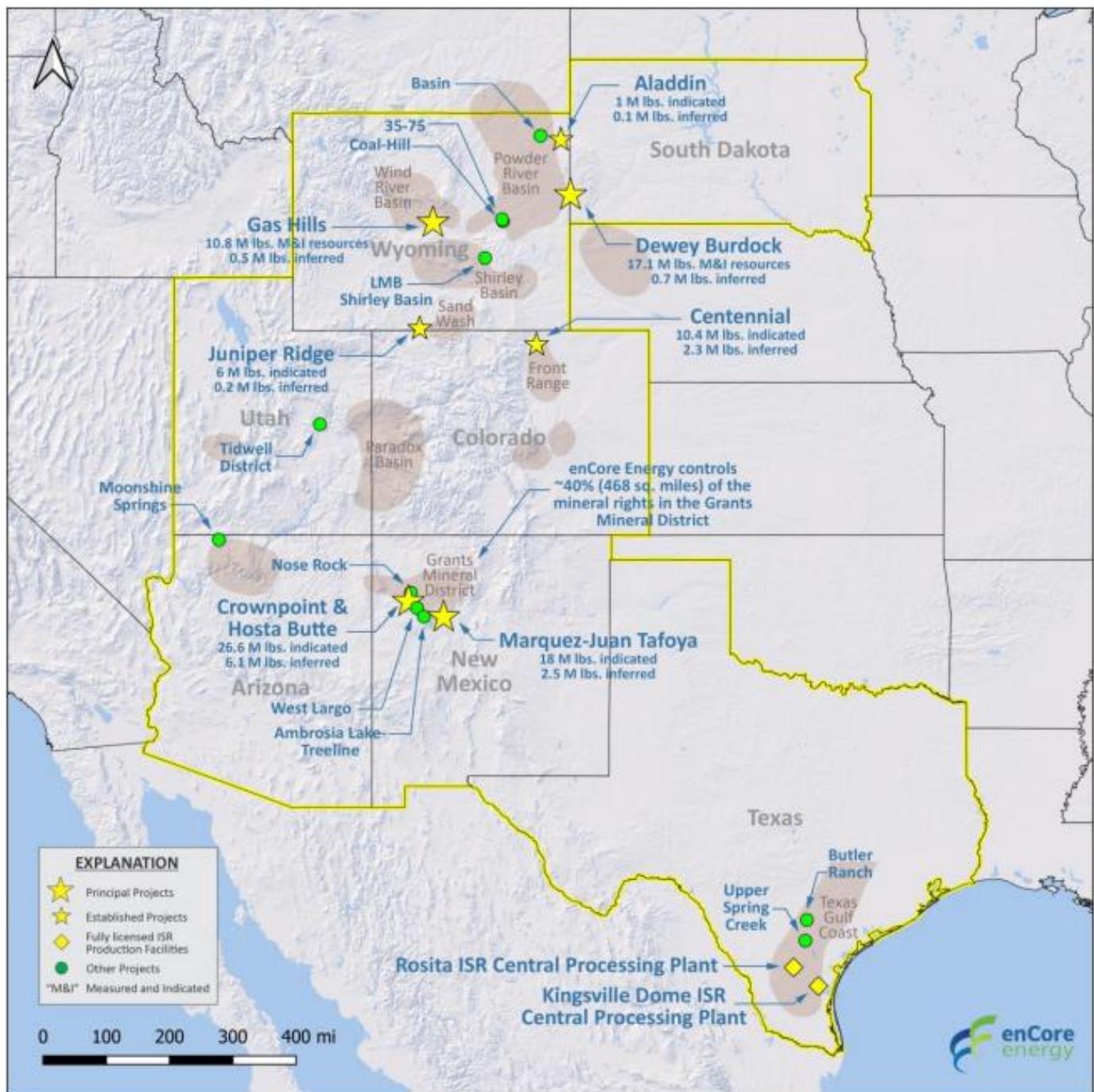
Impact: Positive

enCore Energy provided an update on refurbishment activities underway at its 100%-owned Rosita processing facility in Texas. Approximately 50% of the modernization work is complete and on track for completion in Q2/22. Furthermore, keeping inline with its strategy of advancing previously permitted projects, a 50-hole confirmation drilling program has commenced at the newly acquired Rosita wellfield extension. **With 100M lb U₃O₈ in current resources, 78M lb in historical resources, near-term production potential and an ever-growing pipeline of near- to mid-term ISR development projects in TX, SD, WY and NM (Figure 1) following the acquisition of Azarga Uranium Corp. ([read more](#)), we believe investors should keep a close eye on enCore as it strengthens its leadership in the uranium sector.**

- **Work at Rosita set for completion in Q2/22.** Modernization activities at Rosita commenced in Jul/21 with an estimated budget of US\$1M. A full refurbishment of the plant was conducted in 2008, and due to its inactivity since then, work activities and capital requirements this time around are not as onerous. Refurbishment work remains on budget and on track for completion in Q2/22. Recent major equipment work includes the yellowcake filter press relocation and installation, completion of the ion exchange resin elution and the yellowcake dryer circuits.
- **Acquisition of Rosita Extension project.** The newly acquired Rosita Extension was first explored in 1984 with Mobil sinking at least 800 holes down to 400 feet itself. Exploration drilling has been conducted on the land package since then, confirming mineralized trends. The acquisition fits with enCore's strategy of advancing previously permitted projects with known mineralization to augment the existing pipeline of projects in proximity to Rosita. As such a 50-hole confirmation and development drilling program has commenced in the area, much of which is to be completed in the existing permit area. Rosita Extension is expected to provide mineral resources for wellfield design and planned production in H1/2023. We have already incorporated some of these near-term production acquisitions into our DCF model.
- **Awaiting approval of Azarga transaction.** Following a Azarga shareholder vote (99.8% in favour) of merger, enCore is working to obtain the necessary regulatory approvals. An extension to the arrangement agreement has been executed to allow the parties to obtain normal course regulatory approvals, including from the United States Nuclear Regulatory Commission and B.C. Supreme Court.

We maintain our BUY rating and C\$2.75/sh target price. enCore trades at a discount to peers on a EV/lb U₃O₈ basis (US\$2.70 vs.US\$4.61). As uranium prices rise, production comes online from Rosita, and enCore advances its other projects we expect this valuation gap to close. **Upcoming Catalysts:** 1) Azarga transaction close (Dec/21), 2) Rosita facility refurbishment (Q2/22), 3) Dewey Burdock permitting (H1/22).

Figure 1: Map of enCore's assets in the US



Source: Company Reports



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Disclosure Statement
Updated November 23, 2021

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target C\$/sh	Status	%
2021-05-14	NA	NA	BUY	71%
2021-06-25	NA	NA	BUY (S)	24%
2021-09-08	NA	NA	HOLD	0%
2021-10-13	NA	NA	SELL / Tender	0%
2021-10-21	NA	NA	NA	3%
2021-11-17	BUY	2.75	Under Review	1%

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Company Name	Ticker Symbol	Disclosures
enCore Energy Corp.	TSXV:EU	1,2,3,4

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