Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of the Company's financial condition and historical results of operations. The following should be read in conjunction with our financial statements and accompanying notes. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those projected, forecasted or expected in these forward-looking statements as a result of various factors, including but not limited to, those discussed below and elsewhere in this Annual Report. Refer to "Cautionary Note Regarding Forward-looking Statements" and Item 1A. Risk Factors herein. Our management believes the assumptions underlying the Company's financial statements and accompanying notes are reasonable. However, the Company's financial statements and accompanying notes may not be an indication of our financial condition and results of operations in the future.

Business Overview

The following discussion is designed to provide information that we believe necessary for an understanding of our financial condition, changes in financial condition and results of our operations. The following discussion and analysis should be read in conjunction with the accompanying audited consolidated financial statements and related notes. The financial statements have been prepared in accordance with US GAAP.

The primary use of uranium is to fuel nuclear power plants for the generation of carbon and emission free electricity. According to the World Nuclear Association ("WNA"), as of January 2025, there were 440 operable nuclear reactors world-wide, which required approximately 175.2 million pounds of U_3O_8 annually at full operation. Worldwide, there are currently 65 new reactors under construction with an additional 86 reactors on order or in the planning stage and 344 having been proposed. According to data from TradeTech LLC ("TradeTech"), the world continues to require more uranium than it produces from primary extraction. The gap between demand and primary supply is being filled by stockpiled inventories and secondary supplies, which the Company believes have dwindled significantly in recent years.

According to the WNA in January 2025, the U.S. currently has 94 operating reactors, and other reactors on order, planned or proposed. According to the U.S. Energy Information Administration ("EIA"), in 2023, the U.S. produced approximately 18.52% of its electricity from nuclear technology, while, according to the Nuclear Energy Institute ("NEI"), the U.S. achieved an average capacity factor of 92.7%, leading all other carbon-free sources by a wide margin. According to the EIA, U.S. utilities purchased approximately 51.63 million pounds of U_3O_8 in 2023 (the last year reported). However, in 2023, U.S. uranium production was only 0.05 million pounds, as reported by EIA.

Uranium is not traded on an open market or organized commodity exchange, although the CME Group provides financially settled uranium futures contracts. Typically, buyers and sellers negotiate transactions privately, either directly or through brokers and intermediaries. Spot uranium transactions typically involve deliveries that occur immediately and up to 12 months in the future. Term uranium transactions typically involve deliveries that occur more than 12 months in the future, with long-term transactions involving delivery terms of at least three years. Uranium prices, both spot and term, are primarily published by two independent market consulting firms, TradeTech and UxC, LLC, on a weekly and monthly basis, along with daily price indicators. Other brokers, including Uranium Markets LLC, Evolution Markets Inc. and Numerco Ltd., also publish daily average uranium prices.

During the period ending December 31, 2024, the uranium market saw uranium prices exceed $100 per pound U_2O_8 in the first quarter of the year.[1] By the end of the year, spot prices had moderated to $73.50 per pound U_3O_8.[2] The Company, as previously disclosed, continued to see continued nuclear utility and trading company interest in term contracting. Generally, spot and contracting volumes remain below levels observed in 2022 and 2023, and that is driven by continued geopolitical uncertainty, transportation challenges, trade restrictions, and uncertainty regarding new primary production supply. However, many of the same fundamentals that have led to the recent resurgence in support for nuclear power remain unchallenged. In 2025, the nuclear fuel market is poised to be influenced by three major macroeconomic forces: net-zero carbon emissions initiatives, emerging demand in the technology sector, and trade restrictions.

Net-zero policies require reliable, efficient, and cost-effective electricity generation that contributes to meaningful reductions in carbon emissions. These policies have led to a widespread recognition that nuclear power must play a role in meeting commitments to mitigate climate change through clean energy development. These developments build on a long-run trend in energy policy reform that has evolved to acknowledge and support nuclear power's critical role in achieving carbon reduction goals, and now the financial markets are following with material support for real demand that is emerging faster than current generating capacity can satisfy.

While nuclear power has enjoyed renewed public support in recent years, as reported in several public sources, technology firms including Amazon, Microsoft, Meta, and Google recently announced plans to secure dedicated energy production output from nuclear power plants for their data centers. This includes agreements to build small modular reactors (SMRs) and advanced reactors in several regions.

Expanding the current reactor fleet to meet that level of electrical generating capacity remains a significant challenge to the nuclear industry. To meet those goals, the global industry must protect existing capacity, and there have been multiple public pronouncements from several countries, including the U.S. to protect existing nuclear generating capacity intact. In the U.S., as a result of clean energy credits granted be several states and the production tax credit for nuclear power provided in the Inflation Reduction Act, several nuclear utilities have announced operating life extensions and capacity expansions within their existing operating fleet. Also, the industry has seen a truly unprecedented trend in reactor recommissioning, In the U.S., where just a few years ago reactors were being shut down prematurely, nuclear plants such as Diablo Canyon, Palisades, Three Mile Island, and Duane Arnold are positioned to re-enter service.

Uprates and refurbishments have proven to be exceptionally economical for many reasons, including building on existing licenses and long-established operations. Moreover, several countries have announced plans to abandon plans to exit nuclear power, including Belgium, Japan, and South Korea. And other countries, such as Switzerland, appear to be reconsidering their exits.

There remains continued and growing support for the development of small modular reactors ("SMR"). The case for smaller reactors is largely built on cost savings as well as installation flexibility and scalability. Proponents of SMRs point to standardized design and serial production as the main drivers for reduced costs, with each manufactured unit becoming less expensive than the one before it. SMRs are expected to be smaller and more modular than traditional reactors, so they can be installed in locations would not accommodate larger reactors due to space and location. They can also be used on decommissioned coal power plant sites, which is being looked at as a way to transition to clean electricity.

With increasing demand expectations, there is an expectation that a likewise increase in uranium production must occur in an environment beset by risks, including import bans, sanctions, and secondary sanctions imposed by various countries, transportation issues, trade restrictions in other goods and services beyond nuclear fuel, and fewer available ports, which have all combined to create widespread uncertainty in the market regarding the availability of both current and future supply. The most notable recent trade restriction is the USA's Prohibiting Russian Uranium Imports Act (H.R. 1042), which was signed into law in May 2024 and prohibits the importation of unirradiated, low-enriched uranium produced in the Russian Federation or by a Russian entity. The Act allows temporary waivers, during the period up to January 1, 2028, under certain circumstances.

In response, on November 15, the Russian government imposed "temporary limits" on the export of enriched uranium to the USA, as a retaliatory move following the enactment of the US ban on Russian uranium imports.[3] In September 2024, the U.S. Government announced that it was investigating a significant increase in enriched uranium imported from China when Russian imports were being considered for an outright ban in the context of possible circumvention of the Russian Suspension Agreement.[4] Additionally, in November 2024, the President-elect, Donald Trump declared on social media that he intends to impose a 25 percent tariff on all goods entering the USA from Mexico and Canada on his first day in

office (January 20, 2025). Subsequent to that date, President Trump announced the tariffs will go into effect February 3, 2025. It is unknown the direct impacts these tariffs will have on the uranium market, at this time.

Below is a list of some of the recent government policy news that can influence the uranium market.

- On January 20, 2025, President Trump issued two Executive Orders that specifically refenced nuclear power and uranium as key parts to expanding energy in the U.S. The Executive Order titled, “Unleashing American Energy”, in addition to directing federal agencies to advance permitting for energy projects also called for uranium to be designated as a “critical mineral” by the U.S. Geological Survey. The Executive Order titled, “Declaring a National Energy Emergency”, that directs federal agencies, under emergency authority, to advance permit and license approvals for the production of energy and energy resources. In that Executive Order, uranium is defined as an “energy resource” and subject to the emergency declaration.
- During the 29th United Nations Climate Change Conference in Baku, Azerbaijan (COP 29), the USA announced new domestic nuclear energy deployment targets and a framework for action, which includes a target of 200 GW of new US nuclear energy capacity by 2050, and outlines pathways and actions to meet this goal. Meeting this target would triple US domestic nuclear energy capacity from current levels.
- Following the enactment of the Nuclear Fuel Security Act in 2024, the US Department of Energy (DOE) selected six companies from which it can sign contracts to procure low-enriched uranium (LEU) in order to incentivize the build-out of new uranium production capacity in the U.S.A. The companies include: American Centrifuge Operating, LLC; General Matter, Inc.; Global Laser Enrichment, LLC; Louisiana Energy Services, LLC; Laser Isotope Separation Technologies, Inc.; and Orano Federal Services; LLC. All contracts will last for up to 10 years and each awardee will receive a minimum contract of U.S. $2 million. The maximum value for all awardees totals $3.4 billion. The final award value will depend on competitive task orders to be subsequently issued by DOE.
- The U.S. Department of Energy (DOE) announced that up to US$80 million is available through a new funding opportunity to spur advancements in the process to produce high-assay low-enriched uranium (HALEU). The funding will support industry partners developing innovative technologies and approaches to strengthening the HALEU supply chain in the USA.

[1] Nuclear Market Review week ending February 2, 2024, TradeTech LLC, 2024
[2] Nuclear Market Review, December 31, 2024, TradeTech LLC, 2024
[3] “Russia Temporarily Limits Enriched Uranium Supplies to US”, Bloomberg, November 15, 2024
[4] “Exclusive-US Probes Uranium Imports From China Amid Concerns Over Russian Ban”, Reuters, September 17,2024

Sales of Uranium and Sales Agreements

During the year ended December 31, 2024, enCore completed eight uranium sales totaling 720,000 pounds U_3O_8 for an average sales price of $81.02 per pound U_3O_8, not including converter and transaction costs. The Company used 580,000 pounds U_3O_8 was sourced from purchased uranium, and the balance was sourced from uranium produced at the Rosita and Alta Mesa, combined.

To support the Company's development plans, enCore's uranium sales strategy provides a base level of projected income from sales contracts while preserving significant ability to realize opportunities when strong short-term market fundamentals are present. This strategy assures that the Company will have committed sales to support the capital necessary for construction of new projects while maintaining flexibility to be opportunistic as market conditions continue to change in favorable ways.

The Company has been able to use improving uranium market conditions to create a balanced uranium sales agreement portfolio to provide multiple pricing structures to support future market changes and support production plans. As of December 31, 2024, we have executed eleven uranium sales agreements to supply uranium to nuclear power plants in the United States and one legacy uranium sales agreement with a uranium trading company. enCore's uranium sales agreement portfolio is a mix of market related pricing, hybrid base price and market related pricing, base escalated pricing, and fixed prices. Of enCore's twelve (12) current uranium sales agreements, two are market-related with no floors or ceilings, five are market related that typically retain exposure to spot pricing, while including minimum floor and maximum ceiling prices, some of which are adjusted upwards periodically for inflation. Minimum floor prices are set at levels that provide the Company with a comfortable margin over its expected costs of operations in Texas while still allowing the Company to participate in anticipated escalations of the price of uranium. The Company will continue to assess opportunities to secure future sales agreements that will support its continued project and production growth strategies. The Company is committed to honoring all sales commitments. To meet delivery obligations during the year, as uranium extraction increased, the Company occasionally purchased U_3O_8 in the open market to fill those contractual obligations.

As of December 31, 2024, we have 4,455 million pounds U_3O_8 in committed uranium sales from 2025 through 2029. Five of the current contracts provide the optionality to add an additional 1,025 million pounds U_3O_8 through 2029. The annual schedule of contracted sales is shown in the table below:

Delivery Year	Firm Deliveries Pounds U_3O_8	Optional Deliveries Pounds U_3O_8
2024*	720,000	0
2025	680,000	50,000
2026	825,000	95,000
2027	850,000	75,000
2028	800,000	350,000
2029	1,300,000	455,000
Total: (2025 – 2029)	**4,455,000**	**1,025,000**

* Deliveries during period are complete.

Operations Update

The Company is focused on producing uranium in the United States and delivering that uranium to customers. The Company currently utilizes only the proven ISR technology to provide necessary fuel for the generation of clean, reliable, and carbon-free nuclear energy.

enCore owns 3 of the 11 licensed and constructed Central ISR Uranium Processing Plants (CPPs) in the United States. All of its existing facilities are located in the State of Texas. Our plants are designed and permitted to process uranium from a mix of satellite plants and primary sources within South Texas. In addition, the Company has several key mineral resource projects in other jurisdictions within the United States. Our S-K 1300 compliant resources are listed below:

Total measured and indicated Mineral Resources	**30.94 million lbs U_3O_8**
Total inferred Mineral Resources	**20.54 million lbs U_3O_8**

The Company's strategy over the next three years is centered around two of its fully licensed Texas CPPs; Rosita and Alta Mesa. The CPPs located at the Rosita and Kingsville Dome projects are designed for, and fully capable of, processing feed resin from relocatable satellite IX plants employed at various deposits within a 100-mile radius of each plant. The Rosita CPP was the starting point for enCore's Texas extraction strategy. In the fourth quarter of 2024, the Company announced it had commenced uranium extraction operations at Rosita from the Rosita Extension wellfield, PAA-5. Rosita is located approximately 60 miles from Corpus Christi, Texas and has an 800,000-pound U_3O_8 per year production capacity. The Rosita CPP will act as the central processing site for the Rosita South - Cadena, Upper Spring Creek- Brown, Upper Spring Creek – Brevard, and Butler Ranch Project.

In February 2023, the Company acquired 100% of the Alta Mesa Uranium Project and the Mesteña Grande Uranium Project from Energy Fuels for $120 million. enCore's fully licensed Alta Mesa CPP is located approximately 100 miles southeast of Corpus Christi, TX, and has a production capacity of 1.5 million pounds ofU_3O_8 per year through its IX exchange system located at the plant. The facility has IX elution, precipitation, drying, and packaging capacity for 2.0 million pounds of U_3O_8 per year. This capacity is designed to accept direct production feed to the IX columns in the plant and concurrently accept loaded resin from satellite locations. The Alta Mesa Project includes existing and near-term production areas, including the fully permitted and authorized production areas 6 and 7. The Mesteña Grande Uranium Project also has nine additional mineral resource areas described below in the "Our Item 1 and 2. Our Business and Properties, Mesteña Grande Project" section. In total, the Alta Mesa Uranium Project combined with the Mesteña Grande Uranium Project encompasses mineral leases on 200,000 acres of private land. In February 2024, the Company sold a 30% interest in the Alta Mesa and Mesteña Grande projects to Boss for $60 million.

In June 2024, the Company announced the successful startup of uranium extraction operations at the Alta Mesa Alta Mesa Project. With the restart of the previously operating Alta Mesa Project, the Company is now the only uranium producer in the United States with multiple production facilities in operation as of December 31, 2024. The initial ramp up will be a progressive process to advance and continually increase uranium extraction via direct feed to the Alta Mesa CPP. Exploration drilling and wellfield installation continued at Wellfield 7 at Alta Mesa to support expanding extraction rate capacity through a second IX circuit at the Alta Mesa CPP. During the year ended December 31, 2024, wellfield solution head grades at the Alta Mesa Project peaked at approximately 140 mg/L U_3O_8 and averaged approximately 54 mg/L U_3O_8.

During the year ended December 31, 2024, the Company continued operations at its Rosita CPP, and it announced in June 2024, the start of uranium extraction at its Alta Mesa CPP location. For both the Rosita CPP and the Alta Mesa CPPs combined, 286,624 pounds U_3O_8 were captured on ion exchange resin and 236,891 pounds U_3O_8 were dried and packaged from our Rosita Project and Alta Mesa Project, combined over the year ended December 31, 2024. Additionally, over the same period, the Company shipped 234,842 pounds U_3O_8 to a North American conversion facility. In 2024, Boss received 35,181 pounds U_3O_8 for uranium product shipped on the behalf of the joint venture to a North American conversion facility.

Thorough the year, the Company focused on starting up its uranium recovery operations at its Rosita CPP and at its Alta Mesa CPP. During 2024, as the Company executed its plans at its Rosita and Alta Mesa CPP's and related wellfields, operational performance met expectations, in general. There were some operational challenges that were observed by the Company that impacted uranium recovery. The Company experienced lower extraction rates of in-situ mineral resources due to wellfield pattern inefficiencies caused by incomplete geophysical data and construction. At the time, limited and unreliable PFN capabilities contributed to these challenges. The acquisition of additional PFN equipment, parts, and

intellectual property enabled the Company to mitigate these inefficiencies for current wellfields at Alta Mesa and future South Texas Satellite IX wellfields that will supply the Rosita CPP.

At the Alta Mesa Project, 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. Additionally, the accelerated pace of activity revealed gaps in coordination across wellfield construction, infrastructure installation, and operations, further delaying replacement and the development of additional wellfield patterns to support the expanded capacity at the Alta Mesa CPP. By late Q4, the Company increased its drilling rig count from six in Q1 2024 to 17, and implemented organizational changes to enhance coordination and improve efficiency in wellfield extraction.

The Kingsville Dome CPP is currently maintained in a standby condition. This facility, similar in size and design to the Rosita facility, has a capacity of 800,000 pounds of U_3O_8 per year.

As the Company has been increasing its' operational pace to meet our targets for uranium extraction rates, we have successfully increased our drilling rig capacity to facilitate replacing mineral resource depletion and adding mineral resources in South Texas. The Company started with six (6) active drilling rigs in South Texas at the beginning of 2024, and in the last half of the year, the number of active drilling rigs in South Texas increased to seventeen (17). Additionally, the Company had two active drilling rigs operating in Wyoming in the second half of the year. Additionally, enCore has an experienced technical team with years of experience in ISR operations in Texas, Wyoming, and Nebraska supporting and managing our operations. We have been able to utilize that experience and "know how" to self-execute the refurbishment of the Rosita and Alta Mesa CPP, along with design, construct and install infrastructure for three wellfields and two satellite IX facilities over the period of three years.

South Texas Regulatory Proceedings

Each of the Company's production facilities maintain several permits and licenses in order to manage the current operations. For all of the Company's operating locations, all permits and licenses remain current and in effect. In some cases, some of those permits and licenses are in renewal, and for some expansion activities, new permits or amendments will be necessary. All of our South Texas facilities are regulated by the TCEQ in the case of in-situ uranium recovery and underground injection operations, and for exploration and development drilling activities, the TRC is the principal regulator. The Radioactive Materials Licenses for Rosita and Alta Mesa are issued by the TCEQ under the NRC Agreement State program that assures that mature and consistent regulatory process is in place to assure more certainty regarding regulatory approvals.

As previously disclosed, there are no permits or license amendments required to execute the Alta Mesa uranium extraction rate ramp up. Currently, at Alta Mesa, the Radioactive Materials License and the Class III UIC Area Permit are in timely renewal and under technical review by the TCEQ, but those do not effect current expansion activities. At Upper Spring Creek, the TCEQ has issued the Class III UIC Area Permit, and the agency is completing the technical review of the License Amendment to the Rosita Radioactive Materials License that incorporates the Upper Spring Creek wellfield and satellite IX facility into the current license activities. This approval of the license amendment is necessary to advance wellfield and satellite IX construction, and the progress on approval remains within schedule expectations.

South Dakota Developments

In addition to the Company's operations in South Texas, it is also developing pipeline projects in other states. Notably, the advanced stage Dewey-Burdock Uranium Project in South Dakota has demonstrated ISR resources, including a 2024 S-K 1300 Technical Report Summary and N.I. 43-101 Technical Report and Preliminary Economic Assessment ("PEA") citing robust economics. The project has its source material license from the NRC and its underground injection permits and aquifer exemption from the EPA. In 2023, the Company announced that the NRC approval was considered final when appeals of the license approval were exhausted following a successful outcome from the Circuit Court of Appeals for the District of Columbia. In April 2024, the Company submitted its application to renew the ten (10) year old Source Material License, SUA-1600. The NRC has confirmed that the Dewey-Burdock Source Material License is in timely renewal. The underground injection permits were appealed to the EPA's Environmental Appeals Board ("EAB") and the aquifer exemption was appealed to the 8th Circuit Court of Appeals. In September 2024, the Company provided an update regarding the EAB appeal, including a ruling denying the intervenors contentions on the merits, and remanded to the EPA to review and complete, if necessary, the administrative record for its permit decisions. Based on the successful outcome for the company of the appeal of the NRC license, the Company believes it will be successful in the appeals of the EPA's underground injection permits and the aquifer exemption.

Wyoming Developments

The Company has also commenced the initial permitting work to advance the Gas Hills Project as an ISR uranium recovery operation located in central Wyoming, approximately 60 miles west of Casper, Wyoming. As part of the initial data collection for project permitting, the Company initiated core drilling during the year ended December 31, 2024. Gas Hills Project is located in the historic Gas Hills Uranium Mining District, a brownfield area of extensive previous mining.

Also, in Wyoming, the Company initiated exploration drilling to expand the project area at its Dewey Terrace Project area. The uranium orebody that consists of the Dewey-Burdock Uranium Project extends into Wyoming from South Dakota. Historically, the Company has designated the ore body extension into Wyoming as its Dewey Terrace Project.

Results of Operations:
Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

The following table summarizes the results of operations for the years ended December 31, 2024 and 2023:

	Year ended December 31,			
(in thousands except per share data)	2024 $	2023 $	Increase (Decrease)	Percent Change
Revenue	58,334	22,148	36,186	163%
Cost of goods sold	65,541	19,573	45,968	235%
Operating expenses, excluding stock option expense	60,188	39,834	20,354	51%
Stock option expense	4,788	3,464	1,324	38%
Interest income	2,476	393	2,083	530%
Interest expense	(1,735)	(3,503)	1,768	(50)%
Gain on sale of mineral interests	-	11,837	(11,837)	(100)%
Gain (loss) on marketable securities, unrealized	(2,711)	5,918	(8,629)	(146)%
Gain on marketable securities, realized	248	-	248	100%
Other expense	(17)	-	(17)	100%
Net loss before income taxes	(73,922)	(26,078)	(47,844)	183%
Basic and diluted loss per share	(0.34)	(0.18)	(0.16)	89%

The following table sets forth selected operating data and financial metrics for uranium sales for the years ended December 31, 2024 and 2023.

	Year Ended December 31,		Increase (Decrease)	Percent Change
	2024	2023		
Volumes sold (lbs)	720,000	400,000	320,000	80%
Realized sales price ($/lb)	81.0	55.4	25.6	46%
Costs applicable to revenues ($/lb)	91.0	48.9	42.1	86%

- Revenue from uranium sales for the year ended December 31, 2024 was $58,334 compared to revenue of $22,148 for the year ended December 31, 2023, an increase of $36,186. The increase was due to the completed sale of 720,000 pounds of uranium, compared to sales of 400,000 pounds of uranium during the year ended December 31, 2023. The realized sales prices per pound of uranium for the periods ended December 31, 2024 and 2023 were $81.0 and $55.4, respectively, and includes the contractual sales price less sales-related costs such as transfer fees. The realized sale price per pound decrease is dictated by the market for uranium, which is a commodity.

- Costs applicable to uranium sales were $65,541 for the year ended December 31, 2024 related to the completed sale of 720,000 pounds of uranium at a weighted average cost of $91.0 per pound compared to uranium costs of $19,573 for the sale of 400,000 pounds at a weighted average cost of $48.9 per pound for the year ended December 31, 2023. The increase in costs was due to higher volume of uranium sold, purchases of uranium at a

higher market price than year-end as well as an impairment loss of $6,054 in 2024. The Company's weighted average cost components include the cost of purchased uranium and uranium from extraction.

- Operating expenses, excluding stock option expenses, for the year ended December 31, 2024, were $60,188 as compared to $39,834 for the year ended December 31, 2023. This increase primarily reflects the growth and increased activity levels the Company experienced in 2024 driven primarily by the extraction of uranium at Alta Mesa and Rosita which commenced in 2024.

- The Company recognized a loss of $2,711 on the fair value of marketable securities for the year ended December 31, 2024, compared to a gain of $5,918 for the year ended December 31, 2023. Unrealized losses for the twelve months ended December 31, 2024, are due to unfavorable market conditions during 2024.

- Interest expense for the year ended December 31, 2024, and December 31, 2023, was $1,735 and $3,503, respectively. This reduction is attributable to the Company’s debt pay down of $40,000 in 2023 and conversion of the $60,000 convertible promissory note in February 2024, partially offset by interest expense on the uranium loan in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following table summarizes the results of operations for the years ended December 31, 2023 and 2022:

	Year ended December 31,			
(in thousands except per share data)	2023 $	2022 $	Increase (Decrease)	Percent Change
Revenue	22,148	4,245	17,903	422%
Cost of goods sold	19,573	2,656	16,917	637%
Operating expenses, excluding stock option expense	39,834	23,168	16,666	72%
Stock option expense	3,464	4,332	(868)	(20)%
Interest income	393	419	(26)	(6)%
Interest expense	(3,503)	-	(3,503)	100%
Foreign exchange loss	-	(58)	58	(100)%
Gain on sale of mineral interests	11,837	1,852	9,985	539%
Gain on marketable securities, unrealized	5,918	1,057	4,861	460%
Other expense	-	(679)	679	(100)%
Net loss before income taxes	(26,078)	(23,320)	(2,758)	12%
Basic and diluted loss per share	(0.18)	(0.22)	0.04	(18)%

The following table sets forth selected operating data and financial metrics for uranium sales for the years ended December 31, 2023 and 2022.

	Year ended December 31,		Increase (Decrease)	Percent Change
	2023	2022		
Volumes sold (lbs)	400,000	100,000	300,000	300%
Realized sales price ($/lb)	55.4	42.5	12.9	30%
Costs applicable to revenues ($/lb)	48.9	26.6	22.3	84%

- Revenue from uranium for the year ended December 31, 2023 was $22,148 an increase of $17,903 due to the completed sale of 400,000 pounds of uranium, compared to sales of 100,000 pounds of uranium during the year ended December 31, 2022. The realized sales prices per pound of uranium for the periods ended December 31, 2023 and 2022 were $55.4 and $42.5, respectively, and includes the contractual sales price less sales related costs such as transfer fees. The realized sale price per pound increase is dictated by the market for uranium, which is a commodity. The realized sale price per pound increase is dictated by the market for uranium, which is a commodity.

- Costs applicable to uranium were $19,573 for the year ended December 31, 2023 related to the completed sale of 400,000 pounds at a weighted average cost of 48.9 per pound compared to uranium costs of $2,656 for the sale of 100,000 pounds at a weighted average cost of $26.6 per pound for the year ended December 31, 2022. The increase in costs was primarily due to higher volume of uranium sold in 2023 as well as an increase in the price of Uranium that was purchased when compared to 2022.

- Operating expenses, excluding stock option expense, for the year ended December 31, 2023, were $39,834 as compared to $23,168 for the year ended December 31, 2022. This increase primarily reflects the growth and increased activity levels the Company experienced in 2023.

- Unrealized gains recognized on the fair value of marketable securities for year ended December 31, 2023, were $5,918 compared to a gain of $1,057 for the year ended December 31, 2022. This is primarily due to unrealized gain at Premier American Uranium in 2023 partially offset by losses in Anfield and Nuclear Fuels.

- Interest expense for the year ended December 31, 2023 was $3,503 attributable to interest on the Company's issuance of a $60,000 convertible promissory note in February 2023. The Company did not incur interest expense during the year ended December 31, 2022.

Non-GAAP Financial Measures

We present non-GAAP financial measures of total cost of extracted pounds and uranium cost per extracted pound during the reporting period. Total cost of extracted pounds is the cost of sales less the cost of sales of purchased goods, which includes the aggregate purchase price of uranium sourced from purchased uranium. Uranium cost per extracted pound is the total cost of extracted pounds divided by the pounds of uranium extracted during the period. We believe the total cost of extracted pounds and uranium cost per extracted pound, including allocation of cash and non-cash costs, assist investors in evaluating the efficiency and cost-effectiveness of the Company's extraction process and overall cost structure and financial performance. In addition, management uses these non-GAAP measures to evaluate the ongoing operations and for internal planning and forecasting.

During the year ended December 31, 2024, the Company continued its uranium extraction activities at its South Texas operations.

		Units	2024
U_3O_8 Costs			**Cost of Sales**
	Cost of sales	$	$65,541
	Less the cost of sales of purchased pounds	$	$58,433
	Cash costs of extracted pounds	1 $	$6,304
	Non-cash costs of extracted pounds	2 $	$804
	Total cost of extracted lbs	$	$7,108

U_3O_8 Pounds			
	Total pounds		755,181
	Purchased	lbs	580,000
	Extracted	lbs	175,181
	Shipped to Boss	lbs	(35,181)
	Net enCore	lbs	720,000

U_3O_8 Cost per Pound			
	Total pounds	$	86.79
	Less purchased	$	100.75
	Cash costs of extracted lbs	$	35.99
	Non-cash costs of extracted lbs	$	4.59
	Total extracted	**$**	**40.57**

1 The cash costs associated with extracted pounds related to cost of goods sold serve as a key metric for investors in evaluating the efficiency and cost-effectiveness of the Company's extraction operations.

2 The non-cash costs associated with extracted uranium cost of goods sold provide investors with insight into additional expenses that impact overall cost structure and financial performance.

The Company remains committed to cost efficiency and production optimization, ensuring competitive uranium extraction and processing. The Company anticipates further cost efficiencies as additional wellfield patterns come online and economies of scale improve.

Liquidity and Capital Resources

Our short-term cash requirements are primarily driven by exploration and development activities aimed at advancing properties for uranium extraction. We expect to meet our short-term cash requirements generally through existing working capital. As of December 31, 2024 and December 31, 2023, the Company had cash and cash equivalents of $39,701 and

$7,493, respectively, and working capital of $57,334 and $19,038, respectively. Operations to date have been funded primarily from the issue of share capital.

Our long-term cash requirements are also primarily driven by exploration and development activities aimed at advancing properties for uranium extraction. We expect to meet our long-term cash requirements through various sources of capital, which may include a revolving credit facility or line of credit and future debt or equity issuances, existing working capital, net cash provided by operations and property dispositions. However, there are a number of factors that may have a material adverse effect on our ability to access these capital sources, including the state of overall equity and credit markets, our degree of leverage, our unencumbered asset base and borrowing restrictions imposed by lenders (including as a result of any failure to comply with financial covenants in future indebtedness), general market conditions for uranium mining companies and other energy companies, our operating performance and liquidity and market perceptions about us. The success of our business strategy will depend, in part, on our ability to access these various capital sources.

We believe that our available cash, expected operating cash flows, and potential debt or equity financings will provide sufficient funds for our operations, anticipated scheduled debt service payments and dividend requirements for the twelve-month period following December 31, 2024. We believe that our sources of long-term cash will be sufficient for our needs thereafter.

On February 26, 2024, enCore and Boss entered into a note payable providing for up to 200,000 pounds of uranium to be lent by Boss to enCore. The loan will bear interest of 9% and be repayable in 12 months. Under the agreement, enCore may prepay the loan in full or part after six months and would be subject to a prepayment fee of $200. Both the prepayment and the prepayment fee can be paid in cash or uranium at the election of Boss Energy.

Cash Flows

The following table reflects cash flows activities for the year ended December 31, 2024 and 2023:

	Year Ended December 31,		
	2024	**2023**	**Increase (Decrease)**
Net cash used in operating activities	$ (45,204)	$ (22,987)	$ (22,217)
Net cash used in investing activities	(29,990)	(64,617)	34,627
Net cash provided by financing activities	107,417	45,901	61,516
Impact of currency rate changes in cash	56	(205)	261
Net decreases in cash and cash equivalents	$ 32,279	$ (41,908)	$ 74,187

Net Cash Used in Operating Activities

Net cash used in operating activities increased by $22,217, to $45,204, for the year ended December 31, 2024, compared to the year ended December 31, 2023. This is largely driven by increase in expenditures driven by the Company's commencement of extraction activities for Alta Mesa and Rosita in 2024.

Net Cash Used in Investing Activities

Net cash used in investing activities decreased by $34,627, to $29,990, for the twelve months ended December 31, 2024, compared to the twelve months ended December 31, 2023. This was largely driven by the Company's asset acquisition of Alta Mesa in 2023, offset by the Company's purchase of marketable securities in 2024.

Net Cash Provided by Financing Activities

Net cash provided by financing activities increased by $61,516, to $107,417 for the twelve months ended December 31, 2024, compared to the fiscal year ended December 31,2023. This was largely driven by the Company's sale of a minority interest (30%) in JV Alta Mesa in 2024 as well as an increase in warrant exercises when compared to 2023. This was offset by a reduction in equity financings that occurred in 2024 when compared to 2023.

Commitments

The Company has entered into several contracts with traders and nuclear utilities to sell pounds of uranium through 2033.

The Company's sales commitments in pounds are shown below.

Year	Volume (in pounds)
2025	680,000
2026	825,000
2027	850,000
2028	800,000
2029	1,300,000
Thereafter	2,500,000
Total	6,955,000

The Company did not have significant contractual obligations as of December 31, 2024. except for the sales commitments discussed above.

Off Balance Sheet Arrangements

As of December 31, 2024, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. Preparation of the financial statements requires us to make judgments, estimates and assumptions that impact the reported amount of net sales and expenses, assets and liabilities and the disclosure of contingent assets and liabilities. We consider an accounting judgment, estimate or assumption to be critical when the estimate or assumption is complex in nature or requires a high degree of judgment and when the use of different judgments, estimates and assumptions could have a material impact on our consolidated financial statements. While our significant accounting policies are described in more detail in Note 2 of our consolidated financial statements, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impairment of Long-lived Assets: The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Mineral rights and properties and mining properties are monitored for impairment based on factors such as uranium prices, government regulations, our continued right to explore the area, exploration reports, assays, technical reports, drill results and our continued plans to fund exploration and development programs on the property.

Asset Retirement Obligations: Various federal and state mining laws and regulations require our Company to reclaim the surface areas and restore underground water quality to the pre-existing quality or class of use after the completion of mining. We recognize the present value of the future restoration and remediation costs as an asset retirement obligation in the period in which we incur an obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and/or normal use of the assets.

Asset retirement obligations consist of estimated final well closure, plant and equipment decommissioning and removal and environmental remediation costs to be incurred by our Company in the future. The asset retirement obligation is estimated based on the current costs escalated at an inflation rate and discounted at a credit adjusted risk-free rate at inception. The asset retirement obligations are capitalized as part of the costs of the underlying assets and amortized over its remaining useful life. The asset retirement obligations are accreted to an undiscounted value until they are settled. The accretion

expenses are charged to earnings and the actual retirement costs are recorded against the asset retirement obligations when incurred.

Asset Acquisitions: The Company performs a screen test as required under U.S. GAAP to determine whether a transaction is an asset acquisition under FASB ASC Topic 805, Business Combination. If substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar identifiable assets), the assets acquired would not represent a business and we account for the acquisition as an asset acquisition. In addition, when an acquisition does not meet the definition of a business combination as the acquired entity does not have an input and a substantive process that together significantly contribute to the ability to create outputs, we also account for the acquisition as an asset acquisition. In an asset acquisition, any direct acquisition-related transaction costs are capitalized as part of the purchase consideration. Deferred taxes are recorded on temporary book/tax differences in an asset acquisition using the simultaneous equations method and adjusting the assigned value of the non-monetary assets acquired to include the deferred tax liability. There is no goodwill recorded, with any excess purchase price being allocated on a pro-rata basis to the acquired assets based on their relative fair values.

Income Taxes: The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are recorded based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Deferred income tax assets and liabilities are measured using the enacted tax rates which will be in effect when the temporary differences are likely to reverse. The effect on deferred income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is enacted.

The Company records a valuation allowance to reduce deferred income tax assets to the amount that is believed more likely than not to be realized. When the Company concludes that all or part of the deferred income tax assets are not realizable in the future, the Company makes an adjustment to the valuation allowance that is charged to income tax expense in the period such determination is made.

Conversion from IFRS to U.S. GAAP

As the Company no longer qualifies as a foreign private issuer, its consolidated financial statements have been retroactively converted from IFRS to U.S. GAAP.

The significant differences between IFRS and U.S. GAAP as they relate to the Company are as follows:

{a} Exploration and Development Costs

Under IFRS, the Company capitalized exploration and development costs related to the Company's Mineral Properties. Under US GAAP, the Company is only eligible to capitalize costs related to the following for Mineral Properties;

- Asset Acquisitions
- Direct Development Costs after establishing proven/probable reserves. This requires obtaining a S-K 1300 that supports the existence of probable or proven mineral reserves. As of December 31, 2024, the Company's S-K 1300s do not indicate proven/probable reserves. Therefore, the Company remains an Exploration Stage Issuer and is unable to capitalize development costs.

Exploration costs, land lease costs and development costs are expensed as incurred for the years ended December 31, 2024, 2023, and 2022, respectively.

{b} Income Taxes

The Company recorded a deferred tax liability under U.S GAAP as a result of the Azarga asset acquisition. Under U.S GAAP, this requires book basis increase for the change in fair value. However, there is no tax basis bump related to the Azarga asset acquisition. This results in a difference that requires a deferred tax liability under U.S. GAAP ASC 740, Income Taxes. Under IFRS, this does not result in a deferred tax liability.

{c} Share-based Compensation

Under IFRS, the Company utilized the expected term for share-based compensation in the Black-Scholes valuation calculation. The Company under U.S. GAAP elected the simplified method for 'vanilla' stock options, as permitted by the SEC. This allows the average between the vesting period and the contractual period to be utilized for the expected term.

{d} Investments in Uranium

Under IFRS, the Company treated its purchases of uranium as investment property. Under IFRS, the Company adjusted its inventory to the fair market value as of each reporting period and upon sale, recorded the sale as a non-operating gain. Under U.S. GAAP, the Company treated its purchases of Uranium as inventory, which is held at the lower of carrying value and net realizable value. This resulted in reclassification of the income statement impacts to revenue and cost of goods sold and the deferral of gain/loss on the changes in the fair market value of uranium until the uranium was sold to customers.

{e} Warrants granted in Conjunction with Equity Financing

Under IFRS, the Company allocated the proceeds received from warrants granted in conjunction with equity financing to common stock. Under US GAAP, the proceeds received are required to be applied to the warrants and the share issuance based on their relative fair value. This results in a higher additional paid in capital balance upon the granting of the warrants than under IFRS and a lower amount attributed to common stock than under IFRS.