



Interim Consolidated Financial Statements
For the nine months ended
September 30, 2024
Unaudited – Prepared by Management

These Interim Consolidated Financial Statements for the nine months ended September 30, 2024 are being filed pursuant to Section 4.3(4) of Canadian National Instrument 51-102 in connection with the change in financial reporting standards from Canadian GAAP to U.S. GAAP for the year ended December 31, 2024.

enCore Energy Corp
Consolidated Balance Sheets (Unaudited)

	September 30, 2024	December 31, 2023
<i>(in thousands except per share data)</i>		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 46,349	\$ 7,493
Prepaid expenses and other current assets	1,688	931
Marketable securities	20,565	16,886
Inventory, net	27,408	9
Total current assets	96,010	25,319
Mineral rights and properties, net	273,961	274,490
Property, plant and equipment, net	18,837	14,970
Intangible assets, net	493	514
Restricted cash	7,751	7,680
Marketable securities, non-current	755	3,047
Right of use assets - operating lease	378	459
Other long-term assets	-	88
Total assets	\$ 398,185	\$ 326,567
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 5,579	\$ 3,582
Accounts payable - related parties	200	2,521
Note payable - related party	21,187	-
Operating lease liabilities, current	195	178
Total current liabilities	27,161	6,281
Deferred tax liabilities	27,263	27,959
Asset retirement obligations	11,332	10,828
Convertible promissory note	-	19,239
Operating lease liabilities, non-current	202	294
Total liabilities	65,958	64,601
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock 185,346,410 and 165,133,798 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	377,842	308,198
Equity portion of convertible promissory note	-	3,813
Additional paid-in-capital	56,233	41,203
Accumulated deficit	(134,605)	(89,456)
Accumulated other comprehensive loss	(2,242)	(1,792)

enCore Energy Corp
Consolidated Balance Sheets (Unaudited)

Total stockholders' equity	297,228	261,966
Non-controlling interests	34,999	-
Total equity	332,227	261,966
Total liabilities and stockholders' equity	\$ 398,185	\$ 326,567

enCore Energy Corp
Consolidated Statements of Operations (Unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<i>(in thousands except per share data)</i>				
Revenue	\$ 9,258	\$ 5,539	44,972	\$ 22,170
Cost of sales	10,600	4,900	51,891	19,573
Gross profit (loss)	(1,342)	639	(6,919)	2,597
Operating costs:				
Mineral property expenditures	4,240	3,929	20,051	9,989
General and administrative	9,353	2,740	19,883	12,214
Depreciation, amortization and accretion	792	1,980	2,411	3,790
Other operating costs	1,628	1,116	3,340	2,623
Total operating expenses	16,013	9,765	45,685	28,616
Operating loss	(17,355)	(9,126)	(52,604)	(26,019)
Gain on marketable securities, realized	-	-	252	-
Interest income	651	20	1,999	348
Interest expense	(445)	(1,198)	(1,289)	(2,987)
Gain on sale of mineral properties	-	9,162	-	11,812
Gain (loss) on marketable securities, unrealized	(1,474)	7,234	(3,691)	5,308
Other income (expense)	-	-	(17)	25
Income (loss) before income taxes	(18,623)	6,092	(55,350)	(11,513)
Income tax benefit	(283)	(112)	(5,647)	(318)
Net income (loss)	(18,340)	6,204	(49,703)	(11,195)
Net income (loss) attributable to noncontrolling interests	(2,492)	-	(4,554)	-
Net income (loss) attributable to controlling interest	\$ (15,848)	\$ 6,204	(45,149)	\$ (11,195)
Net income (loss) per share				
Basic	\$ (0.09)	\$ 0.04	\$ (0.25)	\$ (0.08)
Diluted	\$ (0.09)	\$ 0.04	\$ (0.25)	\$ (0.08)
Weighted average number of shares				
Basic	185,184,856	145,023,527	180,652,905	138,564,903
Diluted	185,184,856	145,023,527	180,652,905	138,564,903

enCore Energy Corp
Consolidated Statements of Comprehensive Income (Unaudited)

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2024	2023	2024	2023
<i>(in thousands except per share data)</i>				
Net income (loss)	\$ (18,340)	\$ 6,204	\$ (49,703)	\$ (11,195)
Other comprehensive income (loss), [net of tax]:				
Foreign currency translation adjustment	465	(144)	(450)	1,285
Total other comprehensive income (loss), [net of tax]	465	(144)	(450)	1,285
Comprehensive income (loss)	(17,875)	6,060	(50,153)	(9,910)
Comprehensive loss attributable to non-controlling interests	(2,492)	-	(4,554)	-
Comprehensive gain (loss) attributable to stockholders	\$ (15,383)	\$ 6,060	\$ (45,599)	\$ (9,910)

enCore Energy Corp
Consolidated Statements of Cash Flow (Unaudited)

For the nine months ended
September 30,

(In thousands)

2024 **2023**

OPERATING ACTIVITIES

Net loss	\$ (49,703)	\$ (11,195)
Adjustments to reconcile net income to cash provided by (used in) operating activities		
Amortization, depreciation, accretion and depletion	2,411	3,790
Stock based compensation	3,331	2,623
Inventory impairment charge	6,654	-
Gain on sale of mineral properties	-	(11,812)
Exploration costs related to mineral properties (investing activity)	7,653	5,962
Unrealized loss/(gain) on marketable securities	3,691	(5,308)
Realized gain on marketable securities	(252)	-
Changes in operating assets and liabilities:		
Receivables, prepaids and deposits	(757)	2,809
Inventories	(33,524)	-
Accounts payable and accrued liabilities	2,003	(1,943)
Asset retirement obligations	(367)	(283)
Deferred tax liability	(5,685)	(469)
Due to related parties	18,954	(266)
Net cash used in operating activities	(45,591)	(16,092)

INVESTING ACTIVITIES

Purchase of property, plant, and equipment	(5,227)	(5,820)
Acquisition of Alta Mesa net of cash received and deposit paid	-	(52,212)
Exploration costs related to mineral properties	(7,653)	(5,962)
Proceeds from divestment of mineral properties	-	3,796
Purchase of marketable securities	(6,050)	-
Proceeds from sale of marketable securities	552	-
Net cash used in investing activities	(18,378)	(60,198)

FINANCING ACTIVITIES

Private placement proceeds	10,000	25,562
Common stock issuance costs	(50)	(4,276)
Proceeds from the At -the-Market ("ATM") sales	2,008	24,959
Proceeds from exercise of warrants	23,919	1,577
Proceeds from exercise of stock options	1,522	546
Proceeds from sale of minority interest	60,000	-

enCore Energy Corp
Consolidated Statements of Cash Flow (Unaudited) (continued)

Payments on convertible note	-	(20,000)
Stock subscriptions received	-	26
Contributions from non-controlling interest	5,369	-
Net cash provided by financing activities	102,768	28,394
Net increase (decrease) in cash, cash equivalents and restricted cash	38,799	(47,896)
Foreign exchange difference on cash, cash equivalents and restricted cash	128	1,166
Cash, cash equivalents and restricted cash, beginning of year	15,173	57,081
Cash, cash equivalents and restricted cash, end of period	\$ 54,100	\$ 10,351

enCore Energy Corp
Consolidated Statements of Cash Flow (Unaudited) (continued)

	For the nine months ended	
	September 30,	
	2024	2023
<i>(In thousands)</i>		
Non-cash financing activities:		
Share issue costs on finders' warrants issued	\$ -	\$ 1,415
Investments obtained as part of sale of mineral property	-	9,815
Non-cash investing activities:		
Property, plant, and equipment additions included in accounts payable and accrued liabilities	400	182
Convertible promissory note issued for asset acquisition	-	60,000
Fair value of Alta Mesa replacement options granted for Asset Acquisition	-	81
Conversion of promissory note, including equity portion, to shares	23,117	-
Conversion of subscriptions to shares	-	33,300
Warrants issued in conjunction with subscription	-	18,259

enCore Energy Corp
Consolidated Statements of Stockholders' Equity (Unaudited)

<i>(in thousands)</i>	<u>Common Stock</u>		Subscription Receivable	Equity Portion of Convertible Promissory Note	Additional Paid- in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
	Shares	Amount							
Balance at January 1, 2023	108,940	\$190,959	\$ 51,559	\$ -	\$ 19,089	\$ (63,845)	\$ (2,185)	\$ -	\$ 195,577
Net loss	-	-	-	-	-	(11,195)	-	-	(11,195)
Private placement	10,616	20,209	-	-	-	-	-	-	20,209
Warrants issued in conjunction with private placement	-	-	-	-	5,353	-	-	-	5,353
Conversion of subscriptions to shares	23,277	33,300	(33,300)	-	-	-	-	-	-
Warrants issued in conjunction with subscription	-	-	(18,259)	-	18,259	-	-	-	-
Share issuance costs	-	(7,110)	-	-	1,419	-	-	-	(5,691)
Shares issued for exercise of warrants	1,073	2,322	26	-	(745)	-	-	-	1,603
Shares issued for exercise of stock options	536	1,735	-	-	(1,189)	-	-	-	546
Shares issued for ATM	8,111	24,959	-	-	-	-	-	-	24,959
Share-based compensation	-	-	-	-	2,623	-	-	-	2,623
Equity portion of convertible promissory note	-	-	-	3,813	-	-	-	-	3,813
Fair value of replacement options for Alta Mesa acquisition	-	-	-	-	81	-	-	-	81
Cumulative translation adjustment	-	-	-	-	-	-	1,285	-	1,285
Balance at September 30, 2023	152,553	\$266,374	\$ 26	\$ 3,813	\$ 44,890	\$ (75,040)	\$ (900)	\$ -	\$ 239,163

enCore Energy Corp
Consolidated Statements of Stockholders' Equity (Unaudited)

Balance at January 1, 2024	165,134	\$308,198	\$ -	\$ 3,813	\$ 41,203	\$ (89,456)	\$ (1,792)	\$ -	\$ 261,966
Net loss	-	-	-	-	-	(45,149)	-	(4,554)	(49,703)
Private placement	2,564	10,000	-	-	-	-	-	-	10,000
Contributions from non-controlling interest	-	-	-	-	5,369	-	-	-	5,369
Share issuance costs	-	(50)	-	-	-	-	-	-	(50)
Shares issued for exercise of warrants	8,225	31,373	-	-	(7,454)	-	-	-	23,919
Shares issued for exercise of stock options	2,055	3,196	-	-	(1,674)	-	-	-	1,522
Shares issued for ATM	496	2,008	-	-	-	-	-	-	2,008
Share-based compensation	-	-	-	-	3,331	-	-	-	3,331
Conversion of convertible promissory note to shares	6,872	23,117	-	(3,813)	-	-	-	-	19,304
Non-controlling interest Investment in JV Alta Mesa	-	-	-	-	15,458	-	-	39,553	55,011
Cumulative translation adjustment	-	-	-	-	-	-	(450)	-	(450)
Balance at September 30, 2024	185,346	\$377,842	\$ -	\$ -	\$ 56,233	\$ (134,605)	\$ (2,242)	\$ 34,999	\$ 332,227

enCore Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)
(all amounts in thousands, except for shares)

1. Nature of Operations

enCore Energy Corp. was incorporated on October 30, 2009 under the laws of British Columbia, Canada. enCore Energy Corp., together with its subsidiaries (collectively referred to as the “Company” or “enCore”), is principally engaged in the acquisition, exploration, development and extraction of uranium resource properties in the United States. The Company’s corporate headquarters is located at 5950 Berkshire Lane, Suite 210, Dallas, Texas 75225.

The Company is focused on the extraction of domestic uranium in the United States. The Company only utilizes the proven In-Situ Recovery technology (“ISR”) to provide necessary fuel for the generation of clean, reliable, and carbon-free nuclear energy.

As of September 30, 2024, the Company is an “Exploration Stage Issuer” as defined by Regulation S-K subpart 1300 (“S-K 1300”) of the Securities Act of 1933, as amended (the “Securities Act”) as it has not established proven or probable mineral reserves, as required by the SEC to be defined as a Development Stage Issuer.

2. Summary of Significant Accounting Policies

Basis of Presentation

As a non-U.S. company listed on the NASDAQ, the Company historically met the definition of a foreign private issuer (“FPI”) as defined by the United States Securities and Exchange Commission (“SEC”). As such, the Company prepared unaudited consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

As of January 1, 2025, the Company has become a U.S. Domestic Issuer. Upon becoming a U.S. Domestic Issuer, and including the report herein, the Company has prepared its unaudited consolidated financial statements in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”) effective with the preparation of the financial statements as of and for the period ended March 31, 2024.

For the periods ended September 30, 2024 and 2023, the Company has therefore retrospectively adopted U.S. GAAP. The unaudited consolidated interim financial statements of the Company have been prepared in accordance with U.S. GAAP for all periods presented. Comparative figures, which were previously prepared in accordance with IFRS, have been adjusted as required to be compliant with the Corporation’s accounting policies under U.S. GAAP.

In management’s opinion, the consolidated financial statements include all normal and recurring adjustments that are considered necessary for the fair presentation of the Company’s financial position and operating results. The results for the nine months ended September 30, 2024, are not necessarily indicative of the results to be expected for the twelve months ending December 31, 2024.

These financial statements are presented in thousands of United States Dollars. All inter-company transactions and balances have been eliminated upon consolidation.

There are certain disclosures where the Company discloses the amount in Canadian Dollar (“CAD”), as this is the currency in which the instrument is denominated in.

Principles of Consolidation

These financial statements incorporate the financial statements of the Company and its controlled subsidiaries. We consolidate entities that we control due to ownership of a majority voting interest and we consolidate variable interest entities (VIEs) when we are the primary beneficiary. All intercompany transactions and balances have been eliminated.

enCore Energy Corp.

Notes to Consolidated Financial Statements (Unaudited)

(all amounts in thousands, except for shares)

The Company has a 70% interest in the Alta Mesa project with Boss Energy Limited (“Boss” or “Boss Energy”). The Company retained control after Boss acquired their interest. Alta Mesa is considered a variable interest entity (“VIE”), with the Company being considered the primary beneficiary. As a result, the Company consolidates the operations of Alta Mesa with an offsetting non-controlling interest being recorded. Refer to Note 9 – Sale of Minority Interest in Alta Mesa for more information related to the Boss transaction.

Non-controlling interests represent the portion of their equity which is not attributable, directly or indirectly, to the Company. These amounts are required to be reported as equity instead of as a liability on the unaudited consolidated balance sheets. Financial Accounting Standards Board (the “FASB”) Accounting Standard Codification (“ASC”) Topic 810, Consolidation requires net income or loss from non-controlling interests to be shown separately on the unaudited consolidated statements of operations.

Segments

Operating segments are defined as components of an entity for which discrete financial information is available and is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in making decisions regarding resource allocation and performance assessment. The Company’s CODM is currently the Acting Chief Executive Officer. The Company has one operating segment and one reportable segment. This reportable segment relates to uranium extraction, recovery and sales of uranium from mineral properties along with the exploration, permitting and evaluation of uranium properties in the United States. The CODM assesses financial performance and decides how to allocate resources based on performance of mineral properties and the sale of uranium.

Mineral Rights and Properties

We have established the existence of mineralized materials for certain uranium projects, including our Rosita Uranium Project (“Rosita” or “Rosita Project”) and Alta Mesa Projects (collectively, the “ISR Mines Projects”). We have not established proven or probable reserves, as defined by S-K 1300, through the completion of a “final” or “bankable” feasibility study for any of the uranium projects we operate, including our ISR Mines Projects. As a result, and despite the fact that we commenced the extraction of mineralized materials at our ISR Mines Projects, we remain an Exploration Stage company, as defined by the SEC, and will continue to remain as an Exploration Stage company until such time proven or probable reserves have been established.

As an Exploration Stage company, expenditures relating to the acquisition of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time as we exit the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities, such as drill programs to establish mineralized materials, are expensed as incurred. Expenditures relating to pre-extraction activities, such as the construction of mine wellfields, ion exchange (“IX”) facilities and disposal wells, are expensed as incurred until such time proven or probable reserves are established for that project, after which expenditures relating to mine development activities for that particular project are capitalized as incurred. The Company presents construction and drilling costs within the exploration costs related to mineral properties in the investing cash flows section of the consolidated statements of cash flows. The remaining costs (e.g., maintenance and lease fees) are included in the operating cash flows section of the consolidated statements of cash flows.

When the Company starts to extract mineral materials at our ISR Mines Projects, the capitalized costs are depleted over estimated mineral resources using the units-of-production method. Depletion costs are included in cost of sales in the consolidated statement of operations.

enCore Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)
(all amounts in thousands, except for shares)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reported periods. Areas requiring significant judgements, estimates and assumptions include the valuation of acquired mineral rights and properties and equity-accounted investments, existence of impairment indicators for the Company's long-lived assets, valuation and measurement of impairment losses on mineral rights and properties, valuation of asset retirement obligations, and valuation of stock options, share purchase warrants and share-based compensation. Other areas requiring estimates include allocations of expenditures to inventories, depletion and amortization of mineral rights and properties and depreciation of property, plant and equipment. Actual results could differ significantly from those estimates and assumptions.

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.

Foreign Currency

These financial statements are presented in U.S. Dollars, unless otherwise specified. The functional currency of enCore Energy Corp. is the Canadian Dollar. The functional currency of the Company's subsidiaries is the U.S. Dollar based on the currency of the primary economic environment in which these subsidiaries operate.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive loss in the consolidated statements of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. When the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

enCore Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)
(all amounts in thousands, except for shares)

On consolidation, the Company's financial statements are translated into the presentation currency, being the U.S. Dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in accumulated comprehensive loss as a separate component within equity.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents consist of bank deposits and term deposits with an original maturity of three months or less. Restricted cash is excluded from cash and cash equivalents and is included in long-term assets. Restricted cash relates to collateralization of its performance obligations with an unrelated third party, also known as performance bonds. These funds are not available for the payment of general corporate obligations. The performance bonds are required for future restoration and reclamation obligations related to the Company's operations. Refer to Note 10 – Asset Retirement Obligations and Restricted Cash.

Inventories

Inventories are uranium concentrates and converted products including chemicals and are measured at the lower of cost and net realizable value. The cost of converted products and uranium concentrates is based on the first in first out (FIFO) method. Cost includes direct materials, direct labor and operational overhead expenses. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Consumable supplies and spares are valued at the lower of cost or replacement value.

Marketable Securities

Marketable equity securities consist of investments in publicly traded equity securities. The Company classifies and accounts for its marketable equity securities as available-for-sale. Subsequent to initial recognition, marketable equity securities are measured at fair value and changes therein are recognized as a component of other income (loss) in the unaudited consolidated statements of operations.

Equity Method Investments

Investments in an entity in which our ownership is greater than 20% but less than 50%, a 50/50 joint venture which the Company does not control, or an entity where other facts and circumstances indicate that we have the ability to exercise significant influence over its operating and financing policies, are accounted for using the equity method in accordance with FASB ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

The Company accounts for equity method investments over which the Company exerts significant influence, but not control, over the financial and operating policies through the fair value option of FASB ASC Topic 825, *Financial Instruments*. The fair value of the investee's common shares is measured based on its closing market price. Subsequent to initial recognition, equity method investments are measured at fair value and changes therein are recognized as a component of other income (loss) in the unaudited consolidated statements of operations.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation. Useful lives are based on the Company's estimate at the date of acquisition and are depreciated straight-line as follows for each class of assets:

enCore Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)
(all amounts in thousands, except for shares)

Category	Range
Uranium Plant	15-25 years
Other Property Plant and Equipment	3-5 years
Software	2-3 years
Furniture	3-5 years
Buildings	10-40 years

Intangible Assets

Intangible assets consist of a data access agreement and data purchases, which are definite- and indefinite-lived assets, respectively. Definite-lived intangible assets are amortized over 14 years on a straight-line basis.

The Company reviews its definite-lived intangible assets for impairment when impairment indicators exist. When impairment indicators exist, the Company determines if the carrying value of its definite-lived intangible assets or asset groups exceeds the related undiscounted future cash flows. In cases where the carrying value exceeds the undiscounted future cash flows, the carrying value is written down to fair value. Fair value is determined using a discounted cash flow analysis.

The Company assesses its indefinite-lived intangible assets for impairment periodically to determine if any adverse conditions exist that would indicate impairment or when impairment indicators exist. The Company assesses its indefinite-lived intangible assets for impairment at least annually by comparing the fair value of the indefinite-lived intangible assets to their carrying value.

There were no indicators of impairment as of September 30, 2024 or 2023.

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 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 its continued plans to fund exploration and development programs on the property.

On each reporting date, the Company conducts a review of potential triggering events for all its mineral rights and properties. When events or changes in circumstances indicate that the related carrying amounts may not be recoverable, the Company carries out a review and evaluation of its long-lived assets in accordance with its accounting policy. Impairment losses are recognized as part of operating losses in the unaudited consolidated statements of operations.

Recoverability is measured by comparing the undiscounted future net cash flows to the net book value. When the net book value exceeds future net undiscounted cash flows, the fair value is compared to the net book value and an impairment loss may be measured and recorded based on the excess of the net book value over fair value. Fair value for mineral rights and properties prior to extraction is based on a combined approach of a discounted cash flow analysis and a market approach.

enCore Energy Corp.

Notes to Consolidated Financial Statements (Unaudited)

(all amounts in thousands, except for shares)

Future cash flows are estimated based on quantities of recoverable mineralized material, expected uranium or Rare Earth Elements (“REE”) prices (considering current and historical prices, trends and estimates), production levels, operating costs, capital requirements and reclamation costs, all based on life-of-mine plans. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups. The Company's estimates of future cash flows are based on numerous assumptions, and it is possible that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, uranium prices, production levels, costs and capital are each subject to significant risks and uncertainties.

There were no indicators of impairment for long-lived assets as of September 30, 2024 or 2023.

Operating Leases

The Company accounts for office leases under FASB ASC Topic 842, *Leases*, which requires leases to be recognized as assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. The Company recognizes in the balance sheet a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of twelve months or less, the Company has made an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The office leases all meet the definition of an operating lease.

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.

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 (“ARO”) 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 their remaining useful life. The asset retirement obligations are accreted to an

enCore Energy Corp.
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(all amounts in thousands, except for shares)

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.

Share-based Compensation

We measure share-based awards, typically options, at fair value on the date of the grant and expense the awards over the requisite service period of employees, brokers or consultants. The fair value of these stock options is measured at the grant date using the Black-Scholes option pricing model. The share-based awards are equity-classified.

Share-based compensation expense related to awards with only service conditions having a graded vesting schedule is recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award were, in substance, multiple awards, while expense for all other awards are recognized on a straight-line basis.

The Company's estimates may be impacted by certain variables including, but not limited to, stock price volatility, employee stock option exercise behaviors, additional stock option grants, the Company's performance and related tax impacts.

Warrants

Warrants that are issued with shares issued have the proceeds allocated between the shares and the warrants based on their relative fair value. The fair value of the warrants is measured at the grant date using the Black-Scholes option pricing model. The fair value of the shares granted is based on the respective share's publicly-traded market price.

Warrants issued to brokers are measured at their fair value on the vesting date. The fair value of stock options and warrants issued to brokers are estimated using the Black-Scholes option pricing model.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognized when the rights to receive or obligation to pay cash flows from the assets or liabilities have expired or been settled or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL. Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and

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liabilities held at FVTPL are included in the unaudited consolidated statements of operations in the period in which they arise.

Revenue Recognition and Trade Receivables

Our revenues are primarily derived from the sale of uranium that we either purchased from a third-party or recovered and extracted from the Company's mining properties.

The Company's sales of uranium concentrates are derived from contracts with major U.S. utilities. Revenue is recognized when delivery is evidenced by book transfer at the applicable uranium storage facility. The sales contracts specify the quantity to be delivered, the price, payment terms and the year of the delivery. Under these contracts, each product delivered to the customer represents a separate performance obligation. The Company's contracts with its customers include minimum quantities to be delivered over terms greater than one year and may include fixed prices, market-based prices, and other variable pricing. In many contracts the variable consideration is allocated entirely to a wholly unsatisfied performance obligation, having met the criteria to do so. Other contracts may require certain variable consideration to be estimated and constrained as part of the transaction price.

Under the Company's uranium contracts, it invoices customers after the performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Company's uranium contracts generally do not give rise to contract assets or liabilities.

The Company applies the optional exemption not to disclose the remaining transaction price that is variable and allocated to wholly unsatisfied future quantities. The Company expects to recognize revenue related to fixed and unconstrained variable consideration of \$67,975 through December 31, 2027 and \$110,100 thereafter under the non-cancelable portion of these contracts.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company evaluates its estimate of expected credit losses based on historical experience and current and forecasted future economic conditions for each portfolio of customers.

Earnings/(Loss) per Share

Basic earnings or loss per share includes no potential dilution and is computed by dividing the earnings or loss attributable to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings or loss per share reflects the potential dilution of securities that could share in the earnings or loss of our Company. Securities are excluded from the calculation of our diluted weighted average common shares outstanding if their effect would be anti-dilutive based on the treasury stock method or due to a net loss from continuing operations.

Non-controlling Interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date and are adjusted at each reporting date for the net income (loss) attributable to that non-controlling interest during that period. The difference between the cash received and the proportionate share of the acquiree's identifiable net assets is attributed to additional paid-in-capital.

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Recently Adopted and Issued Accounting Standards

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280)-Improvements to Reportable Segment Disclosures. The ASU enhances disclosure of significant segment expenses by requiring disclosure of significant segment expenses regularly provided to the CODM, extends certain annual disclosures to interim periods, and permits more than one measure of segment profit or loss to be reported under certain conditions. The amendments are effective for the Company in years beginning after December 15, 2023, and interim periods within years beginning after December 15, 2024. Early adoption of the ASU is permitted, including adoption in any interim period for which financial statements have not been issued. The Company adopted this effective January 1, 2024, and expanded its segment disclosure in Note 18 - Segments.

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740)-Improvements to Income Tax Disclosures. The ASU requires additional quantitative and qualitative income tax disclosures to allow readers of the unaudited consolidated financial statements to assess how the Company's operations, related tax risks and tax planning affect its tax rate and prospects for future cash flows. For public business entities, the ASU is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of adopting this ASU on its unaudited consolidated financial statements and disclosures. The Company anticipates that it will not have a material impact on the Company.

In March 2024, the FASB issued ASU 2024-02, Codification Improvements - Amendments to Remove References to the Concepts Statements. This ASU contains amendments to the Codification that removes references to various FASB Concepts Statements. The effort facilitates Codification updates for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or the structure of guidance and other minor improvements. While the amendments are not expected to result in significant changes for most entities, the FASB provided transition guidance since some entities could be affected. This ASU will be effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company anticipates that it will not have a material impact on the Company.

3. Asset Acquisitions and Sales

Acquisitions

In November 2022, the Company and Energy Fuels, Inc ("Energy Fuels") entered into a Definitive Agreement. Pursuant to the terms and subject to the conditions in the Definitive Agreement, on February 14, 2023, the Company acquired the Alta Mesa in-Situ Recovery uranium project ("Alta Mesa").

The aggregate amount of the total consideration was \$121,384 which consisted of a cash payment of \$60,000, the issuance of a \$60,000 secured vendor takeback convertible promissory note and 44,681 enCore stock options (the "Replacement Options") for options held by Energy Fuels option holders, valued at \$81 using the Black-Scholes option pricing model, and total transaction costs of \$1,303 associated with the Arrangement. The transaction did not qualify as a business combination as defined in FASB ASC Topic 805, Business Combinations. It has been

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accounted for as an asset acquisition with the purchase price allocated based on the estimated fair value of the assets and liabilities summarized as follows:

Consideration	Amount
Cash	\$ 60,000
Convertible promissory note	60,000
Fair value of replacement options	81
Transaction costs	1,303
Total consideration value	\$ 121,384
Net assets acquired	Amount
Prepaid	\$ 42
Property, plant, and equipment	6,111
Mineral properties	121,006
Asset retirement obligations	(5,489)
Accounts payable and accrued liabilities	(286)
Total net assets acquired	\$ 121,384

The fair value of the Replacement Options is based on the issuance of 44,681 options with a fair value of \$81.

Sales

On April 1, 2023, the Company divested its subsidiaries Belt Line Resources, Inc. and Hydro Restoration Corp to NFI. Beltline Resources, Inc owned the Moonshine Springs project. Hydro Restoration Corp owned the Kaycee and Bootheel projects. Pursuant to two Share Purchase Agreements dated November 3, 2022, the Company received 8,566,975 shares of NFI with a fair value of \$2,793. The net book value of the two subsidiaries was \$143 at the transaction date, resulting in a gain on disposal of subsidiary of \$2,650, which is included in gain on sale of mineral properties on the Company's unaudited consolidated statements of operations.

On July 20, 2023, the Company divested its subsidiary Neutron Energy, Inc, including its holding of the Marquez-Juan Tafoya Uranium Project to Anfield Energy, Inc. Pursuant to a Share Purchase Agreement, the Company received cash consideration of \$3,796 and 185,000,000 shares of Anfield with a fair value of \$7,023 (Note 5 – Investments in Equity and Marketable Securities). The net book value of the subsidiary was \$1,234 at the transaction date and transaction costs of \$423 were incurred, resulting in a gain on divestment of subsidiary of \$9,162, which is included in gain on sale of mineral properties on the Company's unaudited consolidated statements of operations.

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4. Inventory

Costs of inventory consisted of the following:

	As of September 30,	As of December 31,
	2024	2023
Purchased uranium inventories	\$ 23,433	\$ -
Raw uranium	3,147	-
Uranium concentrates from extraction	754	-
Materials and supplies	74	9
Total	<u>\$ 27,408</u>	<u>\$ 9</u>

As of September 30, 2024, in order to measure inventory at the lower of cost and net realizable value, the Company recognized impairment losses of \$6,654 related to purchased uranium. For the three-month period ended September 30, 2024, the Company recognized an impairment loss of \$1,107 related to the purchased uranium. There was no impairment charge incurred for the three and nine-month periods ended September 30, 2023. These losses are recorded in cost of goods sold in the Company's unaudited consolidated statements of operations.

5. Investments in Equity and Marketable Securities

The Company records both marketable securities and equity method investments at fair value. The Company has classified these investments on the Company's unaudited consolidated balance sheets as marketable securities.

The following table summarizes the fair value of the Company's investment in equity securities as of September 30, 2024 and December 31, 2023:

	As of September 30,	As of December 31,
	2024	2023
Balance, beginning of period	\$ 19,933	\$ 3,947
Investment in publicly traded companies	6,050	9,815
Divestment of publicly traded companies	(551)	-
Fair value gain/(loss) on marketable securities	(3,691)	5,918
Foreign exchange translation	(421)	253
Balance, end of period	21,320	19,933
Noncurrent marketable securities	(755)	(3,047)
Current marketable securities	<u>\$ 20,565</u>	<u>\$ 16,886</u>

The realized gain on marketable securities sold during the nine-month period ended September 30, 2024, was \$252. There were no realized gains or losses during the three months ended September 30, 2024 and 2023 respectively. The unrealized gain/(loss) on marketable securities for the nine months ended September 30, 2024 and September 30, 2023 was (\$3,691) and \$5,308, respectively. The unrealized gain/(loss) on marketable securities for the three

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months ended September 30, 2024 and September 30, 2023 was (\$1,474), and \$7,234. These net realized and unrealized gains and losses are recorded in the unaudited consolidated statements of operations.

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6. Intangible assets

Intangible assets consist of the following as of September 30, 2024 and December 31, 2023.

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
September 30, 2024			
Definite-lived: Data access agreement	\$ 266	\$ 109	\$ 157
Indefinite-lived: Data purchases	336	-	336
	<u>\$ 602</u>	<u>\$ 109</u>	<u>\$ 493</u>
December 31, 2023			
Definite-lived: Data access agreement	\$ 272	\$ 97	\$ 175
Indefinite-lived: Data purchases	339	-	339
	<u>\$ 611</u>	<u>\$ 97</u>	<u>\$ 514</u>

Aggregate intangible asset amortization expense was \$5 for the three-month periods ended September 30, 2024 and 2023. The aggregate intangible asset amortization expense was \$14 for the nine-month periods ended September 30, 2024 and 2023, and was recorded in depreciation, amortization and accretion expense in the unaudited consolidated statements of operations.

Estimated future intangible asset amortization expense based upon the carrying value as of September 30, 2024 is as follows (in thousands):

	Remainder of 2024	2025	2026	2027	2028	2029	Thereafter	Total
Amortization expense	\$ 5	\$ 19	\$ 19	\$ 19	\$ 19	\$ 19	\$ 57	\$ 157

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7. Property, Plant & Equipment, Net

Property, plant and equipment consists of the following:

	As of September 30, 2024	As of December 31, 2023
<i>(In thousands)</i>		
Uranium plants	\$ 4,202	\$ 4,202
Furniture	124	124
Buildings	808	401
Software	142	142
Other property and equipment	7,778	6,894
Construction in progress	9,310	5,374
Total property, plant and equipment	22,364	17,137
Less: Accumulated depreciation	(3,527)	(2,167)
Total property, plant and equipment, net	\$ 18,837	\$ 14,970

Aggregate depreciation expense totaled \$489 and \$448 for the three-month periods ended September 30, 2024 and 2023, respectively. For the nine months period ended September 30, 2024 and 2023, the aggregate depreciation expense was \$1,360 and \$1,016, respectively. These amounts are included in depreciation, amortization, and accretion in the unaudited consolidated statements of operations.

8. Mineral Rights and Properties

As of September 30, 2024, we had mineral rights in the US states of Texas, Wyoming, South Dakota, Colorado, Arizona and New Mexico. These mineral rights were acquired through asset acquisitions, lease or option agreements. As of September 30, 2024, annual maintenance payments of approximately \$1,505 are required to maintain these mineral rights.

As of September 30, 2024, the activity of these mineral rights and properties was as follows:

	Amount
Balance, December 31, 2023	\$ 274,490
Additions	-
Depletion	(529)
Balance, September 30, 2024	\$ 273,961

Texas

Alta Mesa Project

The Alta Mesa Project is located in Brooks County, Texas.

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In February 2024, the Company completed several transactions under a master transaction agreement with Boss Energy Ltd. The completion of this transaction resulted in the Company holding a 70% interest in the project while also remaining as the project manager. Boss Energy Ltd. holds a 30% interest in the project. Refer to Note 9 – Sale of Minority Interest in Alta Mesa for further details. As of September 30, 2024, \$120,477 was capitalized as a Mineral Rights and Property on the Company's unaudited consolidated balance sheets.

Wyoming

Gas Hills

The Gas Hills Project is located in Riverton, Wyoming.

Juniper Ridge

The Juniper Ridge Project is located in the southwest portion of Wyoming.

South Dakota

Dewey Burdock

The Dewey Burdock Project is an in-situ recovery uranium project located near Edgemont, South Dakota.

Notably, the advanced stage Dewey Burdock Uranium Project ("Dewey-Burdock") in South Dakota has demonstrated ISR resources, including a 2019 Preliminary Economic Assessment ("PEA") citing robust economics. The Company is in the process of reviewing and updating the PEA to reflect current economics and planning. The project has its source material license from the US Nuclear Regulatory Commission ("NRC") and its underground injection permits and aquifer exemption from the US Environmental Protection Agency ("EPA").

New Mexico

McKinley, Crownpoint and Hosta Butte

As of September 30, 2024, the Company owned a 100% interest in the McKinley properties and a 60 - 100% interest in the adjacent Crownpoint and Hosta Butte properties, all of which are located in McKinley County, New Mexico. The Company owns a 100% interest in the rest of the Crownpoint and Hosta Butte project area, subject to a 3% gross profit royalty on uranium produced.

9. Sale of Minority Interest in Alta Mesa

On February 26, 2024, pursuant to the terms of a MT Agreement, Boss Energy acquired a 30% equity interest in a new limited liability company (the "JV Alta Mesa") that was formed to hold the Alta Mesa project, in exchange for a payment of \$60,000. The Company holds 70% equity in JV Alta Mesa. Upon closing of the transaction, the parties entered into an agreement which governs JV Alta Mesa. Pursuant to the agreement, the Company acts as manager of the JV Alta Mesa and is entitled to a management fee.

Boss also acquired 2,564,102 common shares of the Company for total proceeds to the Company of \$10,000. Finally, the parties also entered into a strategic collaboration agreement for the collaboration and research to develop the Company's prompt fission neutron technology, to be financed equally by each party. The terms of the agreement and the disposal of a 30% interest in the JV Alta Mesa support that control was retained both before and after Boss

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acquired their interest, and that joint control is not present. As such, Company will continue to consolidate the operations of JV Alta Mesa with non-controlling interest being recorded.

The table below is a summary of the accounting for recognition of the initial non-controlling interest on Boss acquiring 30% interest in the JV Alta Mesa. The difference between the percent of the net assets attributable to Boss and the consideration received is included as part of additional paid in capital.

	<u>Amount</u>
Boss Initial Non-Controlling interest	
Cash received	\$ 60,000
Additional paid in capital	(20,447)
Non-controlling interest	<u>\$ 39,553</u>

The Company, upon initial recognition and formation of the joint venture and the sale of minority interest to Boss, recognized a decrease in additional paid-in capital and an increase in income tax benefit of \$4,989 due to there being a difference between the selling price of the minority interest and the book basis of the non-controlling interest as of the formation date.

The table below is a summary of the accounting for Non-Controlling Interest as of September 30, 2024.

	<u>Amount</u>
Initial non-controlling interest	\$ 39,553
Net loss for the period attributable to non-controlling interest	(4,554)
Non-controlling interest	<u>\$ 34,999</u>

10. Asset Retirement Obligations and Restricted Cash

The asset retirement obligations continuity summary is as follows:

	<u>Amount</u>
Balance, December 31, 2023	\$ 10,828
Accretion	871
Settlement	(367)
Change in estimates	-
Balance, September 30, 2024	\$ 11,332

As of September 30, 2024 and December 31, 2023, the estimated future undiscounted cash flows to settle the Company's asset retirement obligations total \$16,763 and \$17,130, respectively.

As of September 30, 2024 and December 31, 2023, the Company deposited \$7,751 and \$7,680, respectively, for collateralization of its performance obligations with an unrelated third party also known as performance bonds. These funds are not available for the payment of general corporate obligations. The performance bonds are required for future restoration and reclamation obligations related to the Company's operations. These funds are categorized as restricted cash on the Company's unaudited consolidated balance sheets.

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11. Commitments and Contingencies

General Legal Matters

The Company is subject to routine litigation incidental to our business. The Company is not currently a party to any material legal proceedings that management believes would be likely to have a material adverse effect on our financial position, results of operations or cash flows.

Mineral Property Commitments

The Company enters into commitments with federal and state agencies and private individuals to lease mineral rights. These leases are renewable annually. As of June 30, 2024, annual maintenance payments of approximately \$1,505 are required to maintain these mineral rights.

Sales Contracts

The Company's sales commitments, for all sales contracts, are presented in pounds (in thousands) below.

Year	Volume (in pounds)
Remainder of 2024	190
2025	655
2026	900
2027	850
2028	400
Thereafter	1,300
Total	4,295

Reclamation Bonds

The Company has indemnified third-party companies to provide reclamation bonds as collateral for the Company's AROs. The Company is obligated to replace this collateral in the event of a default and is obligated to repay any reclamation or closure costs due. As of September 30, 2024, the Company has \$7,751 posted as collateral against an undiscounted ARO of \$16,763. As of December 31, 2023, the Company has \$7,680 posted as collateral against an undiscounted ARO of \$17,130.

12. Fair Value

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability, and model-based valuation techniques for which all significant

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inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The financial instruments, including cash and cash equivalents, accounts and other receivables, restricted cash, accounts payable and accrued liabilities, are carried at cost, which approximates their fair values due to the immediate or short-term maturity.

The Company's investments in equity securities are publicly traded stocks measured at fair value and classified within Level 1 in the fair value hierarchy. Level 1 equity securities use quoted prices for identical assets in active markets.

The Company's investments include certain investments accounted for at fair value consisting of warrants are valued using the Black-Scholes option model based on observable inputs and as such are classified within Level 2 of the hierarchy. The warrant asset is included in marketable securities, long-term on the unaudited consolidated balance sheets.

The Company's convertible promissory note debt component was fair valued utilizing a 12% discount rate, which is the Company's estimate of the market discount rate for this arrangement. This is classified within Level 2 of the hierarchy.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2024				
Marketable securities, current and non-current	\$ 21,205	\$ -	\$ -	\$ 21,205
Warrant asset	-	115	-	115
	<u>\$ 21,205</u>	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ 21,320</u>
December 31, 2023				
Marketable securities, current and non-current	\$ 19,933	\$ -	\$ -	\$ 19,933
Convertible promissory note - debt	-	19,239	-	19,239
	<u>\$ 19,933</u>	<u>\$ 19,239</u>	<u>\$ -</u>	<u>\$ 39,172</u>

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13. Stockholders' Equity

The authorized common stock the Company consists of an unlimited number of common and preferred shares without par value. The Company's common stock has no par value. All proceeds received for issuance of common stock is attributed to common stock on the Company's unaudited consolidated balance sheets.

During the nine months ended September 30, 2024, the Company issued:

- i) 2,564,102 units to Boss in February of 2024, for a private placement at a price of \$3.90 per unit for gross proceeds of \$10,000.
- ii) 6,872,143 common shares were issued to extinguish the convertible note with a carrying value of \$23,117 in February 2024.
- iii) 8,224,985 common shares were issued on the exercise of warrants, for gross proceeds of \$23,919. In connection with the warrants exercised, the Company reclassified \$7,454 from additional paid in capital to share capital.
- iv) 2,055,617 common shares were issued on the exercise of stock options, for gross proceeds of \$1,522. In connection with the stock options exercised, the Company reclassified \$1,674 from additional paid in capital to common stock.
- v) In June 2023, the Company filed a Canadian short form base shelf prospectus of \$140,000 and U.S. registration statement on Form F-10. The Company also filed a prospectus supplement, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company for aggregate gross proceeds of up to \$70,000. The sale of common shares was to be made through "at-the-market distributions ("ATM") as defined in the Canadian Securities Administrators' National Instrument 44-102 Shelf Distributions, directly on a U.S. Exchange. For the nine months ended September 30, 2024, 495,765 common shares were sold in accordance with the Company's ATM program for gross proceeds of \$2,008.

During the nine months ended September 30, 2023, the Company issued:

- i) 10,615,650 units for a public offering for gross proceeds of \$25,562. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one additional share at a fixed price for a period of three years. The Company allocated the proceeds based on the relative fair value of the common share and the one-half share purchase warrant. The relative fair value of the common share and the purchase warrant was \$20,209 and \$5,353, respectively.

The Company paid commissions of \$1,504 and other cash issuance costs of \$392.

- ii) 23,277,000 subscription receipts were converted into units for gross proceeds of \$51,559. Each unit is comprised of one common share of enCore and one share purchase warrant. Each warrant entitles the holder to purchase one additional share for a period of three years for a fixed price. The Company allocated the proceeds based on the relative fair value of the common share and the one-half share purchase warrant. The relative fair value of the common share and the purchase warrant was \$33,300, and \$18,259 respectively.

The Company paid commissions of \$3,019, other cash issuance costs of \$171 and issued 1,350,000 finders' warrants with a fair value of \$1,415. 1,066,500 of the finder's warrants are exercisable into one common share of the Company at a fixed price for 27 months from closing; 283,500 of the finder's warrants are exercisable into one common share of the Company at a fixed price for 27 months from closing. The value of the finders' warrants was derived using the Black-Scholes option pricing model.

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The weighted average assumptions used in the Black-Scholes option pricing model are as follows (\$ amounts in CAD):

Weighted Average

Quantity	1,066,500	283,500
Exercise Price	C\$ 3.91	C\$ 3.25
Share Price	C\$ 3.20	C\$ 3.20
Discount Rate	4.19%	4.19%
Expected life (years)	2.25	2.25
Volatility	81.81%	81.81%
Fair value of finders' warrants (CAD per option)	C\$ 1.38	C\$ 1.54

- iii) 1,073,604 common shares were issued on the exercise of warrants, for gross proceeds of \$1,577. In connection with the warrants being exercised, the Company reclassified \$745 from additional paid in capital to common stock.
- iv) 535,676 common shares were issued on the exercise of stock options, for gross proceeds of \$546. In connection with the stock options exercised, the Company reclassified \$1,189 from additional paid in capital to common stock.
- v) In June 2023 the Company filed a Canadian short form base shelf prospectus of \$140,000 and U.S. registration statement on Form F-10. The Company also filed a prospectus supplement, pursuant to which the Company may, at its discretion and from time-to-time, sell common shares of the Company for aggregate gross proceeds of up to \$70,000. The sale of common shares is to be made through “at-the-market distributions” (“ATM”), as defined in the Canadian Securities Administrators’ National Instrument 44-102 Shelf Distributions, directly on a U.S. Exchange. For the nine months ended September 30, 2023, 8,111,380 common shares were sold in accordance with the Company’s ATM program for gross proceeds of \$24,959.

Share Purchase Warrants

A summary of the status of the Company’s warrants as of September 30, 2024 and changes during the nine months then ended is as follows:

	Number of Warrants	Weighted Average Exercise Price CAD
Outstanding, December 31, 2023	31,461,804	C\$4.04
Granted	500	3.90
Exercised	(8,224,985)	3.99
Expired	(2,746,235)	5.95
Outstanding, September 30, 2024	20,491,084	C\$3.80

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As of September 30, 2024, share purchase warrants outstanding were as follows:

Warrant Price Per Share CAD	Number of Warrants	Warrants Outstanding September 30, 2024	
		Weighted Average Remaining Life (years)	Weighted Average Exercise Price CAD
C\$3.25	56,369	-	C\$3.25
3.91	75	-	3.91
4.05	3,835,440	0.26	4.05
3.75	16,599,200	1.11	3.75
Total	20,491,084	1.37	C\$3.80

14. Share-Based Compensation

Share-based Compensation

The Company adopted a Stock Option Plan (the “Existing Plan”) under which it was authorized to grant options to Officers, Directors, employees and consultants enabling them to acquire common shares of the Company. The number of shares reserved for issuance under the Existing Plan cannot exceed 10% of the outstanding common shares at the time of the grant. The options can be granted for a maximum of five years and vest as determined by the board of directors (the “Board”).

The number of Common Shares reserved for issuance pursuant to awards granted under the LTIP will not, in the aggregate, exceed 10% of the issued and outstanding Common Shares at the time of the grant. No award, other than an option, may vest before the date that is one year following the date on which the Award is granted, except in the case of accelerated vesting as defined in the LTIP.

Activity of outstanding stock options for the nine months ended September 30, 2024, is as follows:

	Number of stock options	Weighted average exercise price (CAD)
Balance, December 31, 2023	8,412,882	C\$2.63
Granted	2,804,000	5.75
Exercised	(2,055,617)	1.01
Forfeited/expired	(229,793)	4.04
Balance, September 30, 2024	8,931,472	C\$3.95
Exercisable, September 30, 2024	5,257,389	C\$3.34

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As of September 30, 2024, stock options outstanding and exercisable were as follows:

		Options Outstanding		Options Exercisable	
		September 30, 2024		September 30, 2024	
Option price per share (CAD)	Options #	Weighted average remaining life (years)	Weighted average exercise price (CAD)	Options #	Weighted average exercise price (CAD)
C\$0.18 - 1.92	1,020,499	0.09	C\$0.98	1,020,499	C\$0.98
C\$2.40 - 3.79	2,647,806	1.02	2.92	1,534,473	2.98
C\$4.20 - 5.76	5,263,167	2.05	5.04	2,702,417	4.43
	8,931,472	3.16	C\$3.95	5,257,389	C\$3.34

During the nine months ended September 30, 2024, the Company granted an aggregate of 2,804,000 stock options to Directors, Officers, and employees of the Company. A fair value of \$5,684 was calculated for these options as measured at the grant date using the Black-Scholes option pricing model.

The Company's standard stock option vesting schedule calls for 25% every six months commencing after the grant date.

During the nine months ended September 30, 2024 and 2023, the Company recognized stock option expense of \$3,331 and \$2,623, respectively, for the vested portion of the stock options. The Company recognized stock option expense for the vested portion of the stock options of \$1,628 and \$1,116 for the three months ended September 30, 2024 and 2023, respectively.

The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The Company granted 2,804,000 options during the nine months ended September 30, 2024. The weighted average assumptions used in calculating the fair values are as follows:

	As of September 30, 2024
Exercise price	C\$5.75
Share price	C\$5.74
Risk-free rate	3.76%
Expected life (in years)	3.11
Expected volatility	68.16%
Expected dividend yield	0%
Weighted average grant date fair value	C\$2.78

The Company has elected to utilize the simplified method for determining the expected life of the options. This is due to the options granted being considered "plain vanilla" in accordance with SAB Topic 14 in ASC 718. This simplified method allows for the average of the vesting period and contractual life.

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15. Debt

Convertible Promissory Note

On February 14, 2023, the Company issued a secured convertible promissory note (the “Note”) in connection with the Alta Mesa asset acquisition. For further details, refer to Note 3 - Asset Acquisitions and Sales.

The principal value of the Note was \$60,000, and the Note is secured by certain assets of the Company pursuant to the terms of a Pledge Agreement, a Security Agreement, and a Guaranty Agreement between the parties.

The principal portion of the Note was convertible at any time and at the option of the holder into common shares of the Company at a conversion price of \$2.9103 per share until maturity and bore interest at a rate of 8.0% per annum.

The premium related to the conversion was determined to be \$3,813, which was recognized in equity as part of additional paid in capital. The remainder of the proceeds was \$56,187 was allocated to the debt component of the Note. The debt component is accreted to the principal balance over its estimated life. The Company incurred accretion expense of \$65 and \$1,973 for the nine-month period ended September 30, 2024 and 2023, respectively.

During the three-month period ended September 30, 2024 and 2023, the Company incurred interest expense of \$0 and \$1,198, respectively. The Company incurred interest expense of \$217 and \$2,987 for the nine-month period ended September 30, 2024 and 2023, respectively.

During the year ended December 31, 2023, the Company paid \$40,000 of the principal balance off, reducing the outstanding debt at that date to \$19,239. In February 2024, the debt was converted to equity by the issuance of 6,872,143 common shares to the debt holder.

Note Payable - Related Party

On December 5, 2023, the Company, through a subsidiary, entered into a loan agreement (the “Uranium Loan”) with Boss to borrow up to 200,000 pounds of uranium from Boss. The Uranium Loan bears interest of 9% and will be repayable in 12 months in cash or uranium at the election of Boss. Boss is considered a related party given its minority ownership of the JV Alta Mesa.

The principal of the note payable as of September 30, 2024 was \$20,108. During the three-months ended September 30, 2024, the Company incurred interest expense of \$445. During the nine-months ended September 30, 2024, the Company incurred interest expense of \$1,072.

16. Related Party Transactions

Related parties include key management of the Company and any entities controlled by these individuals or their direct family members. Key management personnel consist of Directors and senior management including the Executive Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and Chief Legal Officer.

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The amounts paid to key management or entities providing similar services are as follows:

	For the nine months ended September 30,	
	2024	2023
Consulting ⁽¹⁾	\$ 192	\$ 112
Directors' fees ⁽²⁾	222	117
Staff costs	1,512	2,407
Stock option expense	2,276	2,074
Total	\$ 4,202	\$ 4,710

During the nine-months ended September 30, 2024, and 2023, the Company incurred communications & community engagement consulting fees of \$192 and \$112, respectively, according to a contract with 5 Spot Corporation., a company owned and operated by the spouse of the Company's Executive Chairman.

The Company entered into a note payable with Boss, as discussed in Note 15 - Debt. Boss owns 30% of Alta Mesa JV, as discussed in Note 9 – Sale of Minority Interest in Alta Mesa.

As of September 30, 2024 and December 31, 2023, the following amounts were owed to related parties:

		September 30, 2024	December 31, 2023
5-Spot Corporation	Consulting services	\$ 40	\$ 12
Hovan Ventures LLC	Consulting services	-	7
Officers and Board	Accrued compensation	160	2,502
Total		\$ 200	\$ 2,521

17. Income Taxes

As of September 30, 2024, the Company maintained a full valuation allowance against its net deferred tax assets. The Company continually reviews the adequacy of the valuation allowance and intends to continue maintaining a full valuation allowance on its net deferred tax assets until there is sufficient evidence to support the reversal of all or a portion of the allowance. Should the Company's assessment change in a future period, it may release all or a portion of the valuation allowance, which would result in a deferred tax benefit in the period of adjustment.

For the nine months ended September 30, 2024 and 2023, the Company recorded an income tax benefit of \$5,647 and \$318, respectively. For the three months ended September 30, 2024 and 2023, the Company recorded an income tax benefit of \$283 and \$112, respectively. The effective tax rate was 0% for the three and nine months ended September 30, 2024 and 2023, which was a result of the full valuation allowance on net deferred tax assets.

18. Segments

The Company's operations are located in the United States and are organized into a single reportable segment; the extraction, recovery and sales of uranium from mineral properties along with the exploration, permitting and evaluation of uranium properties in the United States. This segment has been identified based on the way the CODM assesses the business and allocates resources. This segment is monitored for performance and is consistent with internal financial reporting. The CODM evaluates the performance of the Company's reportable segment based on net income (loss). This is primarily managed and evaluated on a consolidated basis.

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19. Subsequent Events

On February 26, 2025, the Company executed a second Amendment to the note payable with Boss. Under the amended agreement the Company effectively extended the due date of the final repayment of the note to no later than June 27, 2025.

On March 14, 2025, a purported shareholder of the Company filed a putative federal securities class action, in the United States District Court for the Southern District of Texas (the “Court”) against the Company and certain of its current and former officers and directors (the “Litigation”). Management believes that this litigation is preliminary in nature and the Company has not reached a determination that an adverse outcome is probable or estimable.

On March 17, 2025, the Company and NM Energy Canada entered into the Share Purchase Agreement with Verdera, pursuant to which the Company completed the Sale on April 8, 2025. The spouse of the Company’s Chairman serves as a member of the board of directors of Verdera and certain directors and officers of the Company own common shares of Verdera. The Audit Committee consisting solely of disinterested directors oversaw the negotiation of the terms of the Sale on behalf of the Company. A third party valuation firm acted as financial advisor to the Audit Committee and provided the Audit Committee with an opinion as to the fairness, from a financial point of view, to the Company of the consideration received in the Sale pursuant to the Purchase Agreement. The Purchase Agreement was unanimously approved by the Board upon recommendation by the Audit Committee.

In April 2025, the Company completed a sale of NM Energy Holding Canada that holds the Crownpoint and Hosta Butte projects pursuant to the Purchase Agreement with Verdera. As consideration for the sale, the Company received 50,000,000 non-voting preferred shares of Verdera.

On April 23, 2025, the Company’s former chief executive officer filed a demand for arbitration with the Judicial Arbiter Group against the Company. The demand principally alleges that the Company breached his employment agreement and by refusing to pay him the amount he claims he would be entitled to under his employment agreement had the Company terminated his employment without just cause. Therefore, he seeks damages for the amounts allegedly owed under his employment agreement for termination without just cause, including salary, his 2024 cash bonus, the annual target bonus and his COBRA coverage for 24 months. Management believes that this litigation is preliminary in nature and the Company believes that a loss is not probable or estimable at this time.