

Bill Sheriff
Chairman



enCore
Energy Corp.

TSXV:EU | OTC:TGRUF

► **SmithWeekly:** Welcome to SmithWeekly Discussions, an occasional program for our readers and listeners of SmithWeekly Research. Please note this program is a private discussion and everything contained herein is for entertainment and educational purposes only. With that we hope you're in a comfortable position along with your favorite beverage to enjoy the discussion. We want to thank our audience for questions coming from @uraniuminsider, Jackie A., Brent S., and Jared W. We have Bill Sheriff on the line today. Bill is the Chairman of Encore Energy, a U.S. focused uranium explorer and developer. Encore is listed on the Toronto Venture Exchange under symbol EU and on the U.S. OTC markets under the symbol TGRUF. Bill, how are you?

► **Bill:** I'm well. Thanks for having me.

► **SmithWeekly:** So Bill give us your background going back before the last uranium cycle tell us about your adventures during the last cycle and what past successes and failures you are applying to this current cycle.

► **Bill:** Well, the list of failures is probably too long for your program. So why don't we just acknowledge there's been a few but so far not any in the uranium cycle, so maybe I should wise up and stick to uranium. I'm a geologist, my education is a masters degree in geology and I've spent a good deal of time in the public markets having worked as up broker and market maker. I don't remember years for different firms but I've been involved with the junior sector for the last 20 some years most notably with Energy Metals Corp, which I co-founded. Started out with a million six market cap in the summer of 2004 and during the next 30 months we amassed the largest historic uranium resource base of all time in the U.S. and ended up selling to the somewhat infamous Uranium One. We sold out for somewhere in the neighborhood of \$1.5 to 1.8 billion depending on what date you use because it was right at the top and things were rolling over but needless to say the shareholders were quite happy, not often you get a 30 month run like that in resources. So we were quite fortunate and hit all of the hurdles at the right time in terms of financing, from acquisitions, announcements, mergers and putting together an elite team of professionals. It's a beauty really being on top of the uranium market. I still think there's a significant number of players in the junior space that sometimes could probably do a little bit more education uranium market and it's certainly one of the more complicated markets out there. The price of uranium is not the only bellwether if you will in the industry that determines, you know, health and well-being of uranium miners. It's the understanding and getting as much of a handle on the industry as you can. All the way from uranium discovery in mining all the way through conversion, enrichment,

fabrication, use of the power plants, and then the decommissioning and reclamation facilities. So it's got many parts. So you don't have just as I say a very simple commodity driven price market, so it's a bit more complicated than that and I think that certainly people really need to hone in on.

► **SmithWeekly:** Absolutely. We continue to especially here. You know folks really need to do a significant amount of due diligence and understanding how things work. There's many aspects and it's not just, you know, buying some equities and with a prayer. It's certainly a very technical complex market and folks need to understand everything from digging it out of the ground all the way to how it the reactor works and everything in between. So you're back with Encore. Give us some information about Encore and tell us what is the strategy this time around. Is it a similar strategy this time around with Encore?

► **Bill:** No, and you know, we may be wrong but our bets are being placed and it will not be a pounds in the ground game this time. You know, that was fun a meteoric rise was grown up monopolies, if you will. Picking as many properties as you could and being in the right spot at the right time, but I think this time will be a different in two main ways. Number one I think the price action that we see in uranium will be far less restricted than it was last time. Certainly, not the 30-month time show. I think what you will see however is a more sustainable long-term price move which would be welcome news to the industry. That hasn't seen such a thing in probably 40 or 50 years. I think, you know, it's a sustained move into the upper double digits, \$50 to 90 dollars would be a very welcome pricing for the industry and it's hard to predict and build future plants and capacity when you don't have any price stability. So I think that will be one big difference. The other big difference as a result of that is I think it will be production oriented, not to say they won't be some gains to be made by the straight explorers and the straight pounds in the ground, but I don't think it'll be a, you know, 200 contestants seeing how many pounds in the ground they can get. All boats rise with the tide. I just don't see that coming to me. I think those that can map out a pathway to production and you know have a more mature, if you will, view of the marketplace, ability to function, and that will be rewarded.

► **SmithWeekly:** Okay, and so for those who might not be familiar with the company give us an overview of the management team, the share structure, the key shareholders, compensation, then the key projects.

► **Bill:** Sure well compensation is easy, nobody's made a nickel on it for the last few years. We've been in the hiatus mode. We were just on the edge of a transformation literally days before Fukushima. When that happened we sent a letter out to our shareholders and said game over for 5 to 10 years which was not well received neither by the shareholders or the competitors in the business. I think I had 47 phone calls or emails from colleagues in the business setting that day. I was nuts and it was a, you know, a small problem and it would be short-lived. But because of that our company has gone into cash preservation. We've got like a million dollars in the treasury. We've simply keep the company alive, keep the properties, and then slowly acquired additional properties under last few years. In terms of who's here we've got pretty much the technical team from Energy Metals and Dennis Stover is our CEO. Dennis is one of the holders of patents on in-situ recovery process worked for years for in Kazakhstan and for Uranium One. He has been in the business since some of the very early days but is still quite active. We've also got Mark Pelizza on board who has spent a great deal of time with Uranium Resources. He did a lot of their permitting has been involved with the actual running of their in-situ plants in Texas when they were operating there and as a real keen observation on pricing and metrics within the uranium industry. Richard Cherry also is involved with us formerly at General Atomics. He's acted as a fuel buyer on both sides of the equation, knows utilities and the fuel cycle. He has that level of expertise.

We've also got a gentlemen, Joe Harrington, that's involved with us on the reclamation end and which is critical anytime you're dealing with any kind of brown resources, but certainly I think maybe even more so when you're dealing with the nuclear industry and the radiometric aspects of it. Those are the key members, I'm sure I'm omitting, a few missing, but also we've got our land man, Gordon Peake, been with us for four years. So basically everyone on board is being incentivized with options. We've all been in the industry for a long time. I'm the newbie in the industry. I don't know we been involved with it for 20 some years most these guys are 30 and 40 year veterans of the industry and that kind of brings me to I guess the point that underlies all of this. We firmly believe as a company that there is no shortage of uranium. There's a shortage of ability to get it out of the ground and bring it to market.

▶ **SmithWeekly:** That's right.

▶ **Bill:** There's absolutely no shortage of it and so by and large we do not have too many plans for exploration. There's quality assets available to be picked up. We've got quite a few in our inventory currently and there are certain instances where you will need to do exploration, ourselves included, but by and large and they're certainly taking nothing away from the big success stories in the Athabasca believe truly looking at monster deposits. Presumably they'll always be a market for those superior deposits. So exploration in some places makes a lot of sense but exploration for the sake of exploration in uranium is probably perhaps the one or one of the few commodities that we really just don't need a general exploration effort for as I mentioned before no one in the company is compensated in any way other than the land man on an hourly basis. None of the officers receive anything other than options. We are all well incentivized with options. We have a great belief in one another, the company, the projects we have, and the future of uranium. So it's enough with Encore you're basically looking at a package of incredible depth of talent in terms of technical ability coupled with good established projects, and we believe that we've got the fuel cycle covered from discovery through to implementation to reclamation and we look at it as a holistic view. I think that's what we offer for the investors.

▶ **SmithWeekly:** Right and it's good that you guys have been there. It's impressive what you said with, you know, send a letter out to shareholders and said this is over, game over. Congratulations to you for taking and having the visionary leadership to be able to just do that whereas other companies peer companies even in the U.S. and in other places continued to pay themselves a lot like it was a bull market and while they couldn't find any more uranium to mine because the price was bad they decided to go ahead and start mining the shareholders instead. So we commend you for your efforts to keep it clean.

▶ **Bill:** We just don't see it that way. It's the long-term benefit of the shareholders that is important. That our interests are aligned and that we all prosper when the time's right and the given market but you got to stay in the game to win it and that's absolutely structured at our company. I should mention that Energy Fuels was the biggest shareholder and so we are quite happy to have them. I also got Bill Harris on board who I failed to mention. While he's not a an expert in the uranium field he spent many years at many level positions in Fortune 500 companies and in fact, we brought him on board simply to handle finance ends but also to meet the Sarbanes-Oxley requirements when our predecessor company Energy Metals went to the NYSE listing. We were required to up our game if you will in terms of financial accountability and we're very fortunate to get Bill to join us and maybe he serves the same function for us and gives very good business advice as well as a heading up our audit committee. He's with us as well.

► **SmithWeekly:** Okay, so people can have kind of a view of what you've been doing while you've not been doing much at Encore, since it is on care and maintenance. In your spare time, you've been working on advancing Golden Predator, a Canadian focused gold exploreco. How are things going there?

► **Bill:** Well, they're going quite well, we've been active in the Yukon exclusively since about 2009 and we've been advancing with a renewed interest the Brewery Creek deposit where we took it from roughly a hundred thousand ounces and since taken it to about a million and a half ounces in our latest 43-101. We haven't done much work on it since 2013 until this year was our first drilling program. We're going back in looking to improve the metallurgy. There is a dated PEA out on it, economic even at current gold prices, but not compelling only an 18% IRR and so we started looking at ways to maximize and optimize that project. There's still a great deal of unexplored terrain. Our drilling this year illustrated the prospectivity of three or four new trends. So it's taking a new life and I think you'll see it move forward to the position to where hopefully we can interest a partner in the coming year. Our main effort there has been on the Three Aces project which is a very high grade gold deposit in southeast Yukon and that deposit is taken from basically outcrop with a handful of drill holes on it. We have actually started bulk sampling generating a bit of revenue as a byproduct of our scientific efforts pulling gold and these high-grade orogenic veins are such that getting a look at them in 3D through bulk sampling and determining the metallurgy is very important to us. We've just wrapped up all probably about six weeks ago and our winner drill program and look forward to those results coming out early in the new year as well as an update on the bulk sample. This years bulk sample was quite significantly larger than our first one, the first one we did was near 776 tons and produced a little over a thousand ounces of gold. This year we took in excess of ten times that sample so, you know, at least we were paid for sampling while you're learning about the deposit and performing very valuable and necessary metallurgical work. It's a bit of a unique approach but it's one that served us.

► **SmithWeekly:** Well, we'll leave it there with that. We've been watching Golden Predator from the sidelines and so it looks like there's some interesting stuff coming up in 2019 for the company. For Encore, is there any near-term plans to upgrade the U.S. OTC markets listing to a QB or QX status?

► **Bill:** You know, it's funny you should mention I was just speaking to OTC markets just last week and we would look to do that sometime here in 2019 so it's something that's on our radar screen. I won't commit an exact date but we are aware that, I believe, half of our shareholders probably are based in the U.S. and certainly even many of those that are overseas would find it easier to trade with the U.S. listing. So it's something that we're looking up, you know, we have a very polarized view of the uranium market that's a good segue into that. You know a lot of the listeners may not be aware but for many years, in fact decades, the uranium price had a split price. There were two prices for uranium. One being a free world price and one being a domestic and of course that was during the height of the Cold War, but I think we're on the verge of seeing that again and not for the same reasons of the Cold War, thankfully, but I think you know there's a 232 petition by Ur- Energy and Energy Fuels to the Department of Commerce to basically get 25% of the U.S. nuclear demand fulfilled through domestic sources by the year 2025. While I'm somewhat skeptical that you'll see a response, you know, granting exactly what was asked for because it might show a bit of favoritism or something. I think you're not unlikely to see some sort of relief granted whether it be in the form of tariffs, quotas or some other incentives, which would spur U.S. production right now and the world's biggest consumer is relying upon such stable places as Kazakhstan and Russia for a good portion of that uranium. So I think it's a domestic security issue.

Certainly, that's one that the Trump Administration is aware of and I would not be surprised if we see some sort of support for the domestic industry. Again, we're a 100% domestic focused so we could be a beneficiary of that and that's why we're 100% domestic focused as because this is where the world's largest demand for uranium is so we would be looking for that to come along sometime in 2019. We are not nearly as positive as some companies on the worldwide price of uranium. I think we're still probably a couple of years out on it, you know, one of the things we look at for a real market turn, which very few people follow, but it's the separative work unit (SWU) price. Until it starts to move off of the bottom. I don't think any move in yellowcake is going to be prolonged. So we think we're early on the international price, but we think the timing might possibly be optimal for the domestic side of things.

► **SmithWeekly:** Right and it'll be interesting to see how this kind of goes because you have a number of issues in play and I think any outcome on this 232 petition is positive because it gets it off the table. The utilities if they have to buy their 12% the first year or 25% or whatever figure that is from U.S. domestic suppliers. That's great. Let's get that off the table and then the utilities also are now free to go ahead and fill the remaining of their requirements how they wish to do that. So it's kind of close and then on top of that too Bill you have, you know, Russia, this is a competition thing too and in the 232 cleaning that up and getting it off there is the question can the U.S. start to step back out on a global stage, on a global basis, and compete for nuclear projects, compete for the fuel cycle, and compete by offering financing to these other countries who are looking to get into the nuclear energy mix and right now you see Russia and China that they're taking market share away from the U.S. and it is a significant issue and it spans beyond national security. It goes globally. Do you want everybody to be influenced by Russian and Chinese financing, their fuel cycle, with these other countries or is the U.S. going to take back some of that market share.

► **Bill:** That's right. It's a key consideration and especially when you're talking about the complete vertical integration, you buy your reactor from Russia and then you're also on the hook for 30 or 50 year fuel contract to buy your fuel through Russia. So it's, you know, it's the turnkey approach that Russia and China are both using which of course is nothing new but Russia and China as you say are gobbling up market share very quickly and virtually unopposed at the moment. I think here again, the initial step for the domestic industry is some sort of price and really for some sort of market support. Here again quotas, tariffs, or what have you I think we'll see something and I think it's also important to note that even so, you know, the prime beneficiaries are clearly going to be those guys with the production capabilities or those that are in production in the U.S. being Ur-Energy, Energy Fuels and then there's a couple others, but those are the main ones. But if you start doing the math, it's pretty clear that much more is needed. You can't get to 25% of domestic production by the year 2025 without some significant grade changes or some significant deposits coming online and that's one of the reasons that we've focused our efforts of late on the higher grade breccias in Arizona. Now, those aren't higher grade by comparison to Athabasca Basin, but they're certainly high grade in the U.S. and probably the highest grade deposits in the U.S. and that's the place that we see that we would plan to do a bit of exploration but these are typically smaller mine but they're very high grade are generally fairly quickly to bring onto production and we've got, I think, a dominant land position, the dominant geophysical survey position and a number of verified pipes that we know are mineralized in that area. So we've got an awfully good position there and it's trucking distance to White Mesa. While we have no direct guaranteed benefit with them, they are a shareholder and I think we certainly have a good place in line to have access to their mill certainly for a fee tolling arrangement.

► **SmithWeekly:** Right and we have a couple points on that I want to get to but going back to what you said about, you know, the capex. The industry is going to need a few billion, the capex to get to 25%. All I got to say is you better get the permitting shoved aside, you better relax a few things and you better get the money raised if you're going to have anywhere close to that 25% requirement by 2025 and you know that's a challenge to get that done. We had talked to Walter Coles, Jr. at Virginia Energy and he said he was very optimistic. He was incredibly optimistic on how he thinks that this is actually going to play out and of course as you know they've been in the heat with the Supreme Court and so forth. But he's extremely optimistic on the outcome of the petition.

► **Bill:** No, I think so and I think it solves a lot of other problems as well. There's only a certain point in the current Washington politics about Russia and I think you can cure a number of things with one action here, you know, you can effectively slap Russia around a bit or maybe that's not the right word. But you know, I have a hard line against Russia and at the same time prop up domestic uranium all at the same action. So I think you get a the politicians. I think we'll see a twofer here and they may not always do what's right, but they always know what's needed in terms of vote-getting.

► **SmithWeekly:** Right and there might be kind of a back hand slap on this domestic boost in wake of the Uranium One politics, I think you definitely get multiple points there. So for those who aren't up to speed on the acquisition of Metamin, can you give us the legal status of the projects in Arizona on state lands?

► **Bill:** So on Federal Land, it's a great question because it's a complex issue that's pretty well misunderstood I would say by most with a broad brush. There is a temporary moratorium against exploration for uranium in and around the Grand Canyon area, which is basically Northern Arizona. It does not affect state land. It does not affect private land and it does not affect all federal land. There's probably 70% of our targets are affected. But I think more importantly we've three or four verified generalized pipes that are clearly outside of that. So we're free to go in on those, our projects are bonded to have exploration. So you know if you go back and look at the consideration that was paid, clearly, we acquired a pretty impressive database and pretty good land position for very little consideration. We're ok even if the ban were to stay in place but if that ban would be removed or relaxed or partially removed specifically on the northern side of the canyon which is less populated more heavily influenced by Utah than Arizona and we do have some pretty broad political support to get that reversed on that side. That would be a real win for Encore basically taking 70% of the projects that we valued at nothing during the transaction and think overnight transforming those into some first-rate exploration projects.

► **SmithWeekly:** Right. The deal was cheap, pennies on the dollar from what I see here. So can you clarify because I don't even know is the banned land just a national park boundary or what?

► **Bill:** No, you can't operate inside the national park anyway, and it's a fairly small area. The ban is applied to Grand Canyon Country area, which is a bit of a nebulous area, but it encompasses essentially a good portion of the land or at least checker boarded land part and parts of the land between the interstate that runs between Flagstaff and Gallop. I think it's I-40 and the Utah border. So it's a wide swath of land. It's not the entire blanket but it's a good portion of land in there, here again, there's bits and pieces, there's access to the projects. So it's not, you know, a blanket moratorium but it certainly has affected a large and what we think is an unfair and disproportionate amount of the land and we think we'll see some relief on that one way or another here over the course of the next year or two. I think it's super

important that here again these are the high-grade projects that you want to make your 25% by 2025, you need to open those up. There's just no other source of that high-grade deposit in the in the U.S.

► **SmithWeekly:** Right and with that, you know, you have projects you can expect more or less exploit in Arizona now and the ones that are there, you know under ban, the government's kind of just watching that for you kind of taking care of it while the ban gets looked at.

► **Bill:** Yeah, we do it as a bit of, you know, it's a winning lottery ticket, you know, we felt that we get a very good price on the assets that are not encumbered. When we do the deal and anything that we can pry loose from the ban is icing on the cake but certainly something that's potentially unexpected windfall for us. So it's also part of our longer-term strategy. I might mention that there is far more than those being just the latest additions. Our key holdings for the long-term are in New Mexico and that's where the bulk of our pounds are. They're both at Crown Point Hasta Butte and at Marquez. I would notice on private land much closer to about halfway between Albuquerque and the Navajo reservation and you know, we've got substantial resources on all of those projects. Those are just going to take a little bit longer. People think of New Mexico as a place that you just probably aren't going to be able to do much work. We think it's a completely different ballgame. We think you've got to make it to where the local population wherever you are be it New Mexico or anywhere else has a reason to want you there in order to do that. You've got to align interest in order to do that. They have to have a piece of the action. We don't have any problem with that. We've got employed the same strategy as you mentioned with Golden Predator in the Yukon working with indigenous people there. We enjoy great support there because of the same approach and we think that approach is not uniquely favorable there. We think it's pretty much universal if you can get people a reason and benefit you stand a heck of a lot better chance of being able to proceed. So that's what we'll be doing there.

You look at the predecessor and title to that property and we got about half of the resources there. The predecessor company spent years fighting for their rights in court and they weren't one day closer to going into production at the end of that. I think that a different approach is clearly warranted and we think alignment of interest is key to moving any of these things forward in any of this business. So we're pretty keen on taking that approach. Mentioning those resources we've got 26 million pounds of 43-101 U308 indicated category and 6 million pounds inferred. So those are the those are the real key projects. We've also got mineral rights covering forty six thousand hectares or about one hundred thirteen thousand acres of prime hunting ground in the New Mexico area formerly private. It's all privately held mineral rights the former railroad checker board that runs through there. So, you know, the company's got a pipeline of projects in terms of shorter-term small projects in Utah that can get funded and I can get into production in a short period of time because they're dry and Utah's an agreement state that is you don't have to go through the NRC to permit. You can do it at the state level being dry. You can get small mines into production under 12 months. They're small but it would be some cash flow and then that gives us time to work on the breccias in Arizona which serve an intermediate term and then the long-term big deposits in New Mexico. Those are in the 5 plus year time frame. So it's a whole pipeline of projects. It's been put together with that timeline in mind because so many of these things take so long to get going it is kind of a stepping stone strategy to get from where we are now to being a producer down the road.

► **SmithWeekly:** Right. You've got a suite of stages and that's what's attractive is you have these different projects at different stages and you can put together that pipeline, you know, U.S. domestically and so that's a good setup. Then of course you mentioned the community outreach and the work with the sovereign nations that's very important and as you know it's key to bringing any project to life.

With the projects and so forth you can ramp up and you know, start small and expand later as pricing environment gets good and cash flow starts in. So the recent deal with Vane Minerals, tell us what you like about those projects?

► **Bill:** That basically dovetailed into the minimum acquisition of the bunch of pipe lands and this cemented our position on the Northern side of the Grand Canyon with those pressure pipes. This largely was done to acquire their database, which is not restricted to these specific lands and obviously covers a lot more as well. But it basically can be looked at as completing our play on the Arizona pipes. This one was even more economical and it also gives us first right to acquire anything they come up with but I think the main real thing is that completes our pipe package in terms of data and in terms of millions of dollars worth of geophysics. They're fairly straightforward to identify then the only question is whether they've been analyzed or not. So it was like I said basically just wouldn't call it a key transaction but one to complete our data packaging.

► **SmithWeekly:** Okay, so the North Wash project is there any interest in this project or do you have an idea who might be looking to acquire this one?

► **Bill:** You know, I don't know although I do know that it's subject to other discussions so that's why it was excluded from the deal.

► **SmithWeekly:** So moving on as uranium prices move higher what projects will kind of be the focus and at what price will you start to hard charge towards production?

► **Bill:** Well here again, I think it's a twofold answer. You know, when we see some positive, you know, the report to commerce section 232 is supposed to be out in April, I think we will get some inclination as to which way that's going to go even before a decision is made if the report comes out as we think it will. I think you'll see us start working on the longer term project of the community with respect to the New Mexico issue that's going to be something we'll start on immediately just because it's going to take some time. The other thing that I think you'll see is a move once the prices start to move in here again, I think you'll see that confirmed through this will price I think that the next step would be to concentrate on our smallest assets actually, but our quickest to market if you will in those would be some of the smaller deposits in eastern Utah. We've got historic resources in front of us that don't have a new 43-101 done on them. They could establish, given the right parameters, a bit of cash flow for the company providing that we get to the door first and take advantage of any toll milling availability that White Mesa might have. Then of course we should be doing some work in Arizona because those will be the real keys to making some money over the next five to six year time frame.

► **SmithWeekly:** On toll milling, so how is the relationship at this point with Energy Fuels and what information can you share related to the ongoing discussions related to the renewal of the toll mill agreement at White Mesa?

► **Bill:** Well, I guess for that getting obviously with the ongoing negotiations you don't want to get too specific but I think the keys are there to get to their door first in terms of having some product to mill. So I think you know there's a cast of characters that would like to use their mill, clearly a certain amount of first come first serve will probably be involved there. But I think, also as you pointed out, all the lobbying on our board is certainly a sign of at least some faith in us and our ability. They obviously have a vested interest so I don't know how else to

phrase that we certainly are not looking at anything that's exclusive but nonetheless I think we'll have more than a fair shot at it. Actually a bigger portion of the overall project base is in-situ, that's where an awful lot of depth of talent in our company is in the in-situ recovery field although we do have some conventional background as well. So we're well covered on that end, you know, and obviously we'd like to have toll milling agreement, but who wouldn't right now. We're in a good position to get to the front door relatively quickly.

► **SmithWeekly:** So with some of the projects up in Wyoming and so forth is there potential of constructing a new mill during this cycle for Encore? Is there still that possibility, is that on the table and what state do you think it would be a good place?

► **Bill:** Well, I think the first state you got to look at is whether or not they're an agreement state and here again, this goes back to some of the details or nuances of the industry and obviously the Nuclear Regulatory Commission and the U.S. regulates anything nuclear, transportation, mining, exploration, power plants, and every aspect of it. They regulate and they do so at a very high cost and you pay for it as a proponent. You actually pay for their time reviewing your project which is some real interesting approach. So what we've got you know what you see there with the agreement states is where the states have demonstrated a proficiency to the NRC such that the states can regulate the nuclear activities within their state. Wyoming has just now become an agreement state, Utah's been one for a long time. Utah's a great place to do business because not only are they agreement state they've been doing it a long time. So they've got the system down, Arizona less so. It's not an agreement state. So you end up dealing with the NRC. New Mexico's the same way clearly, you know, we would like to see them both of those become agreement states and there's some possibility of that here. Again, it's largely a political discussion and those winds kind of change with each election. So we'll see what happens but clearly the road to production and at least the permitting end of it is better and easier in an agreement state as to whether or not we will entertain building a mill, I don't really see that.

I don't know why it's hard to answer that because I think the cycle actually might last 20 or 30 years which would be new to the industry, you know, most of the cycles they've been very brief, but we're looking for a, you know, a less exciting no skyrocketing price but a sustainable ongoing industry which would be welcome. So I would prefer to answer that by saying I don't see that happening in the next five to ten years for Encore. There's a number of facilities around that you know, potential deals could be worked on potential upgrades, several of them are mothballed so it will take some work to get them going again. There are some licensed plants that are just completely inoperative that need a lot of work to get going but that license is worth something in itself. So I think those are the things that we'd be looking at rather than doing something on our own the one possible exception to that in terms of a leach project and it's been years since there's been a leach project and by that I mean surface leach in the U.S. but it's not inconceivable that certain deposits would lend themselves to a heap leach project and that's something that we might be looking at to conceivably be handled by ourselves than with other conventional milling.

► **SmithWeekly:** Well, that's a interesting twist to it. So pick a state for me. What's the best and I like Utah just for a number of things not just they're mining friendliness but just the state across the board is great. So give me a state that you like jurisdictionally for uranium?

► **Bill:** I think I'd have to pick Utah at the top. You know, surprising amount of political support coming from Utah to open up the northern end of the Grand Canyon and here again, that's because it's the Utah communities that benefit from that. The population centers that would work in any sort of a mine or any sort of a development in northern most Arizona near the border are all located in Utah. So even

though they don't directly control the Arizona situation, they certainly can exert some influence at the national level in terms of getting that ban lifted and that's something that we're working on.

▶ **SmithWeekly:** My second one for the U.S. would be Wyoming and I'm not from neither one of those States but I have done some business with both of them, different things, and they're great.

▶ **Bill:** You're absolutely right. Wyoming's got a heck of a lot better bigger uranium deposits over Utah. So you got the lion's share of the action there and of course Cameco still has got quite extensive holdings there, you know, there's quite a few plants sitting there, Sweet Water mill. Then you've got a couple of ISL plants up further to the northeast. So we Wyoming is, you know, it's an area that we have not got a lot of projects now but we'd certainly like to expand given the right opportunities where we're always looking and it still has to make sense to the company in terms of the overall economic impact and their ability to finance.

▶ **SmithWeekly:** Right, absolutely. You know those states are among just a couple few others, you know, Utah specifically these are model states that other states within the United States need to look at. There's only a few left and they have incredible economics and they are a model socially, economically, politically, across the board for other states to copy but not sure that's going to happen. But nonetheless we do like these regions and that's coming from me being from Oregon which I can't speak to positively of so anyway. Is Encore planning to remain in the U.S. only or is there, would you consider other jurisdictions?

▶ **Bill:** You know we're quite happy in the U.S. It's around 22 to 24 percent of the world market. Getting up to 25 percent domestic production of that demand will be quite a challenge and quite welcome should it come by. So we view the metrics that we're bringing businesses quite favorable for the U.S. and that's where we intend to stay.

▶ **SmithWeekly:** Well that sounds good and we've already kind of covered the section 232 stuff and how that outcome is pending and they're probably, you and I both agree, that there will be some kind of a positive outcome come out of that. The stage is certainly set for it. So you've been in the business for quite a while including your past success during the last cycle. From a global perspective, or even domestically, is there any other uranium businesses and specific industry veterans that still exist today that you like or want to mention?

▶ **Bill:** You know, I think the real key and one of our needs is finding some young blood to integrate into the business, this is the biggest single problem uranium faces in the long run really is personnel and with the exception of that two-year blip we had last time we've missed several generations of technical ability that have not gone into the uranium business that have gone elsewhere. I mean, it's hard to find uranium experts under 60 years old and that's going to become a real issue. So when you look around you've got to have I think companies that have to experience not just in one of the aspects of the fuel cycle, but all of them as well as some sort of program to bring along some young blood because that's going to become an ever increasing issue.

▶ **SmithWeekly:** I agree with you and we've talked to Dustin Garrow and I have talked about that. Dustin's been on and had a discussion about that before even John Borshoff has mentioned that as well about the lack of operational expertise not only in the mining side, but all the way through the fuel cycle, engineers, operators, everything. I mean the whole industry is significantly lacking.

► **Bill:** No, it's a real critical problem and that it goes back again to the one place. China and Russia getting increasing dominance in the whole field quite frankly. We should not be happy with them having the whole industry. You're right. They don't have a shortage. They've been educating people right and left to do these jobs instead of skipping generations. There's been a push to act to increase it and I think that nuclear energy, while it's a nice peaceful thing, I think that it's certainly enough, you know, obviously got other more sinister uses and I think to have people that are not necessarily, to use my own words, they don't have their interests aligned with others. I don't think that it's a business that we really want to fall very far behind in but you know without some serious efforts to change we're going to fall even further by right now.

► **SmithWeekly:** That's absolutely correct and there's no better time to align the stars and light a fire under the behind of the industry. So it certainly is the way to go. With 232 that might be one of the catalyst indicators for the industry to kind of get back going in the right direction.

► **Bill:** So it is and one other thing I might also mention you're talking about other companies have another project and this I think has real profound implications for the public acceptance of nuclear energy and that's something that Westinghouse even though they sold their nuclear power plant division they have nonetheless remained in the nuclear fuel business and they've come up with and it's actually ironically called Encore spelled the same way. Well, we had the name first but I don't think we'll give them too much trouble about using it. But what they've done is they've actually gone in and they've been designing a fuel rod that will not melt down which if you can come up with a fuel that is meltdown proof I think you'll go a long ways towards establishing more public acceptance of nuclear energy and they have gone through pilot scale testing. Basically what they're doing instead of cladding a nuclear fuel rod all the way down they're actually making segments so that the cladding actually extends into the rod and each one, in essence, is about an inch long pellet of zirconium alloy clad material with the nuclear fuel bundle inside not bundled with the nuclear fuel rod inside that cladding and it slows down the reaction not just between rods but also up and down vertically within the rod enough to where the heat generated may not cause meltdown. It goes into commercial testing soon and if that proves a positive, I think it can have profound and revolutionary changes to the industry.

► **SmithWeekly:** I would add that now you mentioned technology, you know, the Lightbridge fuel, the work that they're doing there is interesting, certainly has some time to go but certainly interesting and what they're doing there with the fuel rod technology and how they're improving the safety ratings and the efficiency of the fuel. I have to make a mention of Nuscale just coming fresh off my mind just that we had a conversation with Jay Surina at Nuscale, which is, incidentally, out of Oregon and their progress with the NRC launching the SMRs and I think that this technology Bill has incredible potential to be a real game changer in the next, you know, 10 years.

► **Bill:** Interesting and I think those are the sort of things that can revolutionize the industry and make it, you know more acceptable if you can get the safer design.

► **SmithWeekly:** Absolutely. So looking on the competitor side. I want to twist your arm just a little bit more. Is there any competitor companies domestically that that you like or you want to mention?

► **Bill:** Well, I think clearly to me Energy Fuels and Ur-Energy being in production at the right time. You've got a leg up on the competition. Uranium Energy certainly has the ability to produce with the Hobson plant. That was the plant that Energy Metals refurbished and then Uranium One sold off to folks there and moved that forward not sure what their resource status are, plans to go into production, but they've certainly got a plant and but you know, I guess my favorites are still Ur-Energy and Energy Fuels just because they are established leaders. They aren't as big as Cameco or anything like that, but they both have several projects with some decent life. I don't know the intimate details and not the business of recommending other companies but I think you can't escape looking at those two.

► **SmithWeekly:** Very well I appreciate you making some comments on that. So looking ahead to 2019 even in 2020, what are the key tasks that Encore is looking to accomplish and how will it position itself to kind of take advantage of what is looking like some improving uranium prices?

► **Bill:** Well, I think we have to have confirmation of that and you know that they're two things on a worldwide basis some confirmation that pricing is going to go up, which I'm still skeptical, will see this year as we've talked. So when we see some encouragement like a report coming out of Commerce endorsing this issue I think that will be our note which will need to start getting aggressive both on the small mine front in Utah in terms of looking at our projects there to see if we can develop some production quickly out of that based on historic numbers there. At the same time an aggressive effort at the community level in New Mexico to move those things forward. Very short-term oriented line as well as a very long-term oriented one. Arizona, we aren't waiting on anything, we're moving forward on those. Now, the only thing we spend money on other than keeping our projects and you know, I think the one thing that would create a bit of difference there as you know, once we see the actual positive action taken on with reference to 232 and the domestic price. I think at that point we'll probably break out the drill rig and poke some holes and some of the more advanced projects in Arizona that are not affected by any of the adversities right now. So you basically got three things to look forward to in terms of that and they actually hit our short, midterm, and long-term plans in addressing each of them to different degrees but quite frankly, they all need something, you know, we've been surprised with government before and as positive as I am about to 232, you know, we're going to wait before we spend, you know, any of our precious resources in terms of capital or look at raising any more until we get at least a report out of committee. You just never know what the government and lobbying effort with some of the utilities and fuel buyers to squash 232 and I think it's not terribly aggressive on their part. I think it's mostly talk but obviously it increases their cost, even though it's minimal, you know, very minimal amount but they're there at least making the talk so while I'm incredibly optimistic and I think the odds are 95% at least it will get some sort of action. We're going to wait till we see at least some something out of committee on that and that'll be our starting to move forward and I think the uranium market will have advanced enough to where at that point we can look at doing a bit of financing but you know at the 10 to 15 cent level we don't have interest in financing, we've got cash to carry on with what we need to right now.

► **SmithWeekly:** I agree and there is certainly no reason to jump the gun here. So I think with you guys and the conservative nature of this company, I think it makes sense just to kind of wait it out and you guys are already cooking a few actions to kind of prepare and those obviously been well noted as we discussed earlier. So how can a potential investors get more information and how can they contact Encore?

► **Bill:** Well, they can contact me, my email is wms@encoreenergycorp.com, little bit of a cumbersome email, but nonetheless and they can look forward to a new website. I mean literally we haven't updated the website for two years and here again that was part of our austerity program. We will have a new website out before the end of the year updated. All of our regulatory filings, financials, etc. can be found on sedar.com. But in terms of you know the ease of having them on a website, new PowerPoint presentation, all of those things will be there by the end of the year and at such time we'll also put out a news announcement so the world knows we're still here, not gone anywhere, and simply been maintaining the shop and improving our position during the last few years. It's a bit of a reemergence if you will and I'm just looking at that website. It's encoreenergycorp.com So you can just Google it and it's probably the first hit so pretty simple to get more information about the company. We apologize for the outdated information but we literally have not spent any penny that we didn't have to spend over the last couple of years.

► **SmithWeekly:** Certainly commendable Bill. I appreciate you taking the time today and good luck.

► **Bill:** Oh, thank you very much. I look forward to better times ahead for the uranium market.

For more information about Bill Sheriff and Encore Energy, visit:

www.ENCOREENERGYCORP.com

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