

# enCore Energy Corp.

TSX.V:EU

**enCore Energy Corp.  
(formerly Wolfpack Gold Corp.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014**

Set out below is a review of the activities, results of operations and financial condition of enCore Energy Corp. (formerly Wolfpack Gold Corp.) and its subsidiary ("enCore", or the "Company") for the six months ended June 30, 2015. The following information, prepared as of August 25, 2015, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2015, together with the audited consolidated financial statements of the Company for the year ended December 31, 2014 and the accompanying Management's Discussion and Analysis for that fiscal year. The referenced interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included in management's discussion and analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## COMPANY BACKGROUND

enCore Energy Corp. (formerly Wolfpack Gold Corp.) was incorporated on October 30, 2009 under the Laws of British Columbia. enCore Energy Corp., together with its subsidiary, is principally engaged in the acquisition and exploration of resource properties in the United States. The Company's common shares are trading on the TSX Venture Exchange under the symbol "EU.V."

The Company owns a 100% interest of approximately 115,000 acres (46,400 ha) of private mineral rights in New Mexico, including the Crownpoint and Hosta Butte uranium deposits.

## HIGHLIGHTS

- On January 6, 2015, the Company announced that Mr. Richard Cherry has been appointed to enCore's Board of Directors. Refer to the news release for Mr. Cherry's biography.
- On January 12, 2015, the Company announced that Dr. Douglas Underhill has been named the Chief Geologist of the Company. Refer to the news release for Dr. Underhill's biography.
- On August 5, 2015, the Company announced that Mr. Scott Davis has been appointed as enCore's Chief Financial Officer. Refer to the news release for Mr. Davis' biography.

## OUTLOOK

The Company holds advanced uranium exploration properties in New Mexico along with shares of NexGen Energy Ltd. and Timberline Resources Corp. The Company does not plan on conducting any significant exploration activities on the New Mexico properties in the near term, subject to improvement in the uranium market.

## MINERAL PROPERTIES

### CROWNPOINT AND HOSTA BUTTE PROJECT

In June 2012, the Company filed a National Instrument ("NI") 43-101 Technical Report containing an updated resource estimate covering the Company's Crownpoint and Hosta Butte Project (the "Project") located in the Grants Uranium District of McKinley County, New Mexico, USA. The Company owns a 100% mineral interest in the region comprised of the approximately 113,000 acre McKinley Properties and adjacent 3,020 acre Crownpoint and Hosta Butte resource area.

The "Crownpoint and Hosta Butte Uranium Project Mineral Resource Technical Report - National Instrument 43-101," dated May 14, 2012, and authored by Douglas L. Beahm, PEng, PGeo, President of BRS Inc., calculates indicated mineral resources on the project attributable to enCore totaling 26.55 million pounds of U<sub>3</sub>O<sub>8</sub> at an average grade of 0.105% eU<sub>3</sub>O<sub>8</sub> and inferred mineral resources totaling 6.08 million pounds of U<sub>3</sub>O<sub>8</sub> at an average grade of 0.110% eU<sub>3</sub>O<sub>8</sub> as set out in further detail below. The report can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Crownpoint and nearby Hosta Butte resources occupy subparallel mineral trends within an approximate 3,020 acre (1,222 ha) property package controlled by the Company. At Crownpoint, the Company holds a 60% interest in a 140 acre portion of section 24. With the exception of the shared interest in section 24, enCore Energy holds a 100% mineral interest in the rest of the Crownpoint and Hosta Butte project area (2,880 acres) subject only to a 3% gross profits royalty on uranium produced.

	Tons <sup>(1)</sup>	Grade eU <sub>3</sub> O <sub>8</sub> (%)	Contained U <sub>3</sub> O <sub>8</sub> (Pounds)
Crownpoint – Indicated <sup>(2)</sup>	7,876,000	0.102	16,071,000
Hosta Butte - Indicated	4,799,000	0.109	10,477,000
<b>Total Indicated</b>	<b>12,675,000</b>	<b>0.105</b>	<b>26,548,000</b>
Crownpoint – Inferred <sup>(2)</sup>	712,000	0.105	1,508,000
Hosta Butte – Inferred	2,046,000	0.112	4,571,000
<b>Total Inferred</b>	<b>2,758,000</b>	<b>0.110</b>	<b>6,079,000</b>

<sup>(1)</sup> GT cutoff: Minimum Grade (% eU<sub>3</sub>O<sub>8</sub>) x Thickness (Feet) for Grade > 0.02 % eU<sub>3</sub>O<sub>8</sub>

<sup>(2)</sup> Disclosed tonnage represents the Company's 100% interest in the Section 19/29 Crownpoint Property and its 60% interest in Section 24 Crownpoint Property

The resource estimate covers approximately 3,020 acres located in (A) portions of Sections 24, Township 17 North, Range 13 West (in which the Company holds a 60% interest) and (B) Sections 19 and 29, Township 17 North, Range 12 West and Sections, 3, 9, and 11, Township 16 North, Range 13 West (in which the Company holds a 100% interest), New Mexico Prime Meridian and uses Canadian Institute of Mining, Metallurgy and Petroleum definitions.

*The Technical Report is authored by Douglas L. Beahm, PEng, PGeo, President of BRS Inc., a registered member of the Society for Mining, Metallurgy and Exploration and an independent Qualified Person as defined in NI 43-101.*

#### QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited interim condensed consolidated financial statements for the last eight quarters ending with the most recently completed quarter ended June 30, 2015:

	Three Months Ended (\$)			
	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014
Total Revenues	—	—	—	—
Loss	(35,850)	(101,312)	(194,574)	(123,123)
Loss Per Share (basic and diluted) <sup>(1)</sup>	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	3,460,853	3,489,917	3,296,751	3,547,556

	Three Months Ended (\$)			
	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013
Total Revenues	—	—	—	—
Loss	(1,989,991)	(3,246,771)	(1,622,529)	(343,899)
Loss Per Share (basic and diluted) <sup>(1)</sup>	(0.04)	(0.07)	(0.03)	(0.01)
Total Assets	9,483,933	10,825,390	13,715,689	15,025,645

<sup>(1)</sup> The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options.

The change in total assets during the three months ended June, 30, 2015, March 31, 2015, and December 31, 2014 was due to the change of foreign exchange rates affecting the mineral properties held by a US subsidiary. The decrease in total assets during the three months ended September 30, 2014 was due to the sale of a subsidiary, including \$3,878,414 of cash, to Timberline Resources Corp. The decrease in total assets during the three months ended March 31, 2014 was due to the write down of \$3,187,343 of mineral property costs.

The decrease in the loss recorded for the three months ended June 30, 2015 and March 31, 2015 was due to the Company's minimal operating activity. The increase in loss recorded for the three months ended June 30, 2014, March 31, 2014 and December 31, 2013 was due to write downs of \$1,378,239, \$3,187,343 and \$1,342,398, respectively, of mineral properties.

#### RESULTS OF OPERATIONS

##### Six months ended June 30, 2015

The Company recorded a loss of \$137,162 (\$0.00 per share) for the six months June 30, 2015 as compared to a loss of \$5,236,762 (\$0.10 per share) for the six months ended June 30, 2014. Individual items contributing to the decrease in loss of \$5,099,600 are as follows:

- General and administrative expenses of \$62,264 (2014: \$205,717) is comprised of insurance (\$16,318), travel costs (\$11,765), printing costs (\$14,164), and miscellaneous expenses (\$20,017); the expenses decreased from the prior period due to less activity;
- Professional fees of \$47,429 (2014: \$244,361) decreased from the prior period primarily due to legal fees attributable to the sale of a subsidiary in the prior period;
- Staff costs of \$75,856 (2014: \$154,506) are comprised of costs to the Chief Executive Officer and fees charged by Golden Predator US Holdings Corp. ("GPUS") for consulting services; the fees decreased from the prior period due to less activity and a decrease in staff;
- Stock option expense of \$14,943 (2014: \$14,520) reflects the recognition of the option expense over the vesting period in respect of options granted to directors, officers, employees and consultants; the expense is comparable to the prior period;

- Other income of \$31,563 (2014: \$16,587) represents a reversal of an amount due to a related party (\$28,350), a refund for staff costs from a government agency attributable to a prior period (\$5,361), interest income (\$268), and foreign exchange loss (\$2,416);
- Write down of mineral properties of \$nil (2014: \$4,565,582) decreased from the prior period due to the Company not having mineral property write downs in the period;
- Mineral exploration and evaluation costs of \$47,503 (2014: \$nil) increased from the prior period primarily due to increased evaluation of potential property acquisitions;
- Realized gain on sale of marketable securities of \$79,270 (2014: \$14,899 loss) resulting from the sale of 268,500 common shares of NexGen Energy Ltd. ("NexGen") and 6,900 common shares of Timberline Resources Corp. for aggregate gross proceeds of \$177,370;

*Three months ended June 30, 2015*

The Company recorded a loss of \$35,850 (\$0.00 per share) for the three months ended June 30, 2015 as compared to a loss of \$1,989,991 (\$0.04 per share) for the three months ended June 30, 2014. The decrease in loss during the period was due primarily to less activity in the current period, a write-down of mineral properties and costs attributable to the sale of a subsidiary in the prior period.

**FINANCING ACTIVITIES AND CAPITAL EXPENDITURES**

During the six months ended June 30, 2015, \$19,226 (2014: \$326,574) of cash was spent on maintenance fees associated with mineral properties.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's operations used approximately \$201,000 of cash (before working capital items) for the six months ended June 30, 2015. An additional approximate \$158,000 of cash was received from investing activities.

The Company's aggregate operating, investing and financing activities during the six months ended June 30, 2015 resulted in a net decrease of \$53,198 in its cash balance of \$425,500 at December 31, 2014 to \$372,302 at June 30, 2015. The Company's working capital was \$658,429 at June 30, 2015.

The Company has no long-term liabilities.

**TRANSACTIONS WITH RELATED PARTIES**

During the period ended June 30, 2015, the Company was charged \$32,354 in staff costs for the Chief Executive Officer.

These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as evaluating business opportunities. All services were made on terms substantially equivalent to those that prevail with arm's length transactions.

Key management includes Directors and Officers of the Company. The compensation paid or payable to key management for services during the period ended June 30, 2015 and 2014 is as follows:

	Three months ended		Six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Staff costs	\$ 18,446	\$ 32,072	\$ 32,354	\$ 60,246
Stock option expense	13,127	—	13,127	2,950
<b>Total key management compensation</b>	<b>\$ 31,573</b>	<b>\$ 32,072</b>	<b>\$ 45,481</b>	<b>\$ 63,196</b>

**FINANCIAL INSTRUMENTS**

**Classification of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities and accounts payable and accrued liabilities. The Company classified its cash and cash equivalents and receivables as loans and receivables, which are measured at amortized cost. Marketable securities (shares of NexGen and Timberline Resources) are classified as available-for-sale, which are measured at fair value through other comprehensive income (loss). Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

### Fair Value of Financial Instruments

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The value of the marketable securities (shares of NexGen and Timberline) has been classified as Level 1. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

### OUTSTANDING SHARE DATA

As at the date of this report, the Company had the following outstanding:

- 57,242,750 common shares.
- Stock options:

Expiry Date	Outstanding Options	Exercise Price
September 23, 2015	484,999	0.45
January 17, 2016	90,000	0.75
November 3, 2016	390,000	0.40
February 17, 2017	294,167	0.75
March 5, 2017	350,000	0.40
December 7, 2017	25,000	0.54
December 10, 2017	50,000	0.45
December 19, 2019	3,020,000	0.05
December 31, 2019	475,000	0.05
	5,179,166	

### OFF BALANCE SHEET ARRANGEMENTS

At June 30, 2015, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

### CRITICAL ACCOUNTING ESTIMATES

The Company has prepared its unaudited interim condensed consolidated financial statements in accordance with IFRS as issued by the IASB. Note 3 to the audited consolidated financial statements for the year ended December 31, 2014 provides details of significant accounting policies and accounting policy decisions for significant or potentially significant areas that have had an impact on the Company's financial statements or may have an impact in future periods. There were no changes to the accounting policies applied by the Company to the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2015, from those applied to the audited consolidated financial statements for the year ended December 31, 2014.

The preparation of financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities, as well as revenues and expenses. There have been no changes to the Company's critical accounting estimates since December 31, 2014. Readers are encouraged to refer to the critical accounting policies and estimates as described in the Company's audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2014.

### DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim condensed consolidated financial statements for the six months ended June 30, 2015 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-

109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

#### **OTHER MD&A REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **CONTINGENCIES**

There are no contingent liabilities.

#### **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein.

#### **RISK FACTORS AND UNCERTAINTIES**

There has been no significant change to the Company's risk factors from those described in the MD&A for the year ended December 31, 2014. For a detailed discussion of these risk factors see Risk Factors and Uncertainties in the Company's MD&A for the year ended December 31, 2014 dated April 8, 2015.

#### **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A, and in certain documents incorporated by reference herein, contain "forward-looking statements" within the meaning of applicable securities legislation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. The Company believes the expectations reflected in those forward -looking statements are reasonable, but there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

In particular, this MD&A includes forward-looking statements pertaining to the following, among others:

- business strategy, strength and focus;
- proposed future expenditures;
- the satisfaction of certain conditions in respect of certain properties in which the Company may obtain an interest;
- the granting of regulatory approvals;
- the timing and receipt of regulatory approvals;
- the resource potential of the Company's properties;
- the estimated quantity and quality of mineral resources;
- projections of market prices, costs and the related sensitivity of distributions;
- expectations regarding the ability to raise capital and to continually add to resources through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws, and capital expenditure programs;
- expectations with respect to the Company's future working capital position; and
- capital expenditure programs.

With respect to forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things:

- the future price of commodities;
- geological estimates in respect of mineral resources;
- future development plans for the Company's properties unfolding as currently envisioned;
- future capital expenditures to be made by the Company;
- future sources of funding for the Company's capital program;
- the Company's future debt levels;
- the ability of the Company to make payments required to maintain its existing and future exploration licenses and option agreements in good standing;

- the timing, amount and cost of estimated future production;
- costs and timing of the development of new deposits;
- the regulatory framework governing royalties, taxes and environmental matters in Nevada and any other jurisdictions in which the Company may conduct its business in the future;
- the impact of any changes in the laws applicable in Nevada;
- the ability of the Company to obtain exploration licenses, access rights, approvals, permits and licenses, and the timing of receipt of such items;
- the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner;
- the impact of increasing competition on the Company;
- the intentions of the Company's board of directors with respect to executive compensation plans and corporate governance programs; and
- future exchange rates will be consistent with the Company's expectations.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors below and elsewhere in this MD&A:

- the speculative nature of exploration, appraisal and development of mineral properties;
- there are no known mineral resources or commercial quantities of mineral reserves on the Company's properties;
- uncertainties in access to future funding for exploration and development of the Company's properties;
- changes in the cost of operations, including costs of extracting and delivering minerals to market, that affect potential profitability of the Company;
- operating hazards and risks inherent in mineral exploration and mining;
- volatility in global equities, commodities, foreign exchange, market price of precious and base metals and a lack of market liquidity;
- unexpected costs or liabilities for environmental matters, including those related to climate change;
- changes to laws or regulations, or more stringent enforcement of current laws or regulations;
- ability of the Company to obtain and maintain required exploration licenses, access rights, approvals or permits;
- unexpected defects in the Company's rights or title to its properties, or claims by other parties over the Company's properties;
- competition for financial resources and technical facilities;
- ability of the Company to retain the services of its directors or officers;
- in the Company disposes of its properties, it may not be able to acquire other mineral properties of merit;
- unexpected and uninsurable risks may arise;
- limitations on the transfer of cash or assets between the Company and its foreign subsidiaries, or among such subsidiaries, could restrict the Company's ability to fund its operations efficiently;
- changes in the political and related legal and economic environment in jurisdictions in which the Company operates; and
- the other factors discussed under "Risk Factors" in this MD&A.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements in this MD&A are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities laws.