

January 22nd, 2015

David Henderson
U.S. Department of Energy
Office of Nuclear Energy
Mail Stop NE-52
19901 Germantown Rd.
Germantown, MD 20874-1290

Re: *DOE Request for Information on Excess Uranium Management and the Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries*

Dear Mr. Henderson:

I am writing today on behalf of enCore Energy Corp (enCore). enCore owns a 100% fee interest in 115,000+ acres of mineral rights in New Mexico, including the Crownpoint and Hosta Butte uranium deposits. These deposits contain an indicated resource of 26.6 MM pounds U_3O_8 at an average grade of 0.105% eU_3O_8 and an inferred resource of 6.1 MM pounds U_3O_8 at an average grade of 0.110 eU_3O_8 . A portion of these resources are under NRC license. In addition to enCore's substantial uranium property portfolio, the company has assembled a team of the most prominent uranium experts available¹. enCore has the capacity to license, develop, and produce uranium properties in the United States and market that material throughout the world.

The importance of expertise in the uranium space cannot be overstated. Few experts in the nuclear fuel cycle are available as the last major technological push was in the 1970s and few endured the many market cycles due to reliance on stockpiled uranium. In 2001 there were less than 400 persons employed the nuclear/uranium sector according to the US Department of Energy. Without technical expertise, new production supply will be hindered regardless of price movement and the transition from a uranium company to an effective uranium developer and miner will be challenged. enCore and its team have expertise in all aspects of the nuclear fuel cycle particularly pertaining to the front end.

Being a private junior uranium company, enCore primary focus is attracting investment partners. DOE should know that while the fundamentals for global nuclear electricity development are strong and most analysts predict higher uranium prices, a number of risk factors are hindering investment in the mid-term. Investors are concerned with the situation in Japan and the restart of their reactors. But a general consensus is developing that Japan will restart a substantial portion of their nuclear capacity. A second concern, and the purpose of this comment letter, is the manner in which the DOE is going to manage their excess uranium inventories. I am personally a witness that this a question that is asked over and over in the investment community. Investors are wary of the lack of transparency and surprises in the DOE process.

The USEC Privatization Act requires the Secretary to make a finding that any proposed sale or transfer of its excess uranium inventories will not have an "adverse material impact" on the domestic uranium

¹ <http://encoreenergycorp.com/>

production, conversion, and enrichment industries. Past determinations have proven incorrect. The result is that even in the face of a market that is clearly oversupplied the DOE continues to increase its excess uranium supply into the market. The uranium industries continue to experience financial losses, production cut backs, employment losses, and significant share price reductions. As is indicated above, the investment community is concerned that there is no assurance of what the magnitude of future DOE activity will be. This lack of predictability has made it difficult for the U.S. uranium raise capital to develop operations, which is necessary to maintain the talented people to make it happen.

If DOE's interest is to maintain a physical and intellectual uranium recovery infrastructure in the US, it must comply with the mandate of the USEC Privatization Act, and demonstrate predictability in its future excess uranium disposal activities. In addition, DOE must develop a strategy that would give the investment community a reason to consider uranium recovery as viable. Perhaps the DOE should cap or even stop sales until the market is allowed to recover and publically announce its intent to do so. One of enCore's directors has discussed with me a successful historic federal government program of matched uranium sales as a solution. Matched sales appear to be an excellent program for both the government to dispose of excess inventory and new uranium development to happen in the US. A company such as enCore would certainly maximize the value of the uranium in term sales contracts.

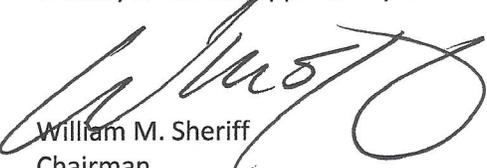
Recommended constraints in a matched sales may be:

- "Matched sales" would be defined as DOE material purchases complemented in kind with material purchases from US uranium producers on a one-for-one volume basis.
- Material type must match (U_3O_8 for U_3O_8 , UF_6 for UF_6).
- Spot contracts must match spot contracts, and long-term contracts must match long-term contracts.
- No one company may purchase more than 20 percent of the overall quota.
- Deliveries of the two components are to occur within one month of each other to ensure contract symmetry.
- Should US production be exhausted before the balance of DOE material is sold, the remainder of DOE may be sold without a matched component.

Again, the expressed goal would be to incentivize new uranium production in the USA by pairing like volumes DOE excess inventory with newly produced US uranium.

Whether the DOE were to limit or stop sales or be creative in its disposition strategy through a program such as matched sales, it is imperative that DOE improve the accuracy of the Secretarial Determinations and provide more transparency in its disposition of excess uranium inventory. Otherwise there will be little investment in the US uranium industry and our country will be dependent on other sources of fuel for nuclear power.

Thank you for the opportunity to comment on this subject.



William M. Sheriff
Chairman