

CENTENNIAL, Colo., May 11, 2017 (GLOBE NEWSWIRE) -- [Uranium Resources Inc.](#) (Nasdaq:URRE) (ASX:URI), an energy metals exploration and development company, announced today its results for the first quarter of fiscal year 2017, and also discussed its business outlook and its energy metals business development in 2017.

Christopher M. Jones, President and Chief Executive Officer, said, "Improvements in our working capital to a positive \$11.4 million at March 31, elimination of all outstanding debt and closing the business transaction with Laramide Resources have put us in a position of strength as we start 2017. At the same time, we have been able, once again, to reduce G&A costs. Coupled with favorable geophysical results on our Columbus Basin Project in Nevada, we can now pull forward our lithium exploration efforts, with drilling now scheduled to start in Q3."

Business Highlights for 1Q-2017 and to Date

- **Lithium business.** During Q1, the Company expanded its lithium property holdings to over 14,000 acres at its Columbus Basin project by entering into an option agreement to purchase a block of unpatented placer mining claims covering an area of approximately 3,040 acres which adjoin a portion of the Company's current property holdings. This brings the Company's total lithium property holdings to over 27,000 acres in Nevada and Utah. In addition, the Company submitted two water rights applications to the State of Nevada for the Columbus Basin project, acquired geophysical data from a major mining company and engaged a geophysical consultant to review, integrate and reinterpret the historical geophysical survey data. The key results of this work were: (1) the indicated depth of the Columbus Salt Marsh basin is greater than expected and in excess of 6,500ft (2,000m) which increases the probability of intersecting favorable geology for lithium brines at depth and (2) the combined presence of hypersaline brines and shallow low density geologic horizons, as indicated by resistivity modelling, present excellent targets for lithium brine exploration. The new geophysical data interpretation will be coupled with the Company's geochemical sampling results to finalize geologic targets and drill hole locations for a 3rd quarter drill campaign at the Columbus Basin Project.
- **Uranium operations.** During Q1, the Company continued to maintain its uranium properties on standby, awaiting improved uranium prices. Activities included continued restoration and reclamation activities in South Texas, continued standby activities at the Company's Temrezli property in Turkey, while in New Mexico, the Company has been in discussions with Cebolleta Land Grant ("CLG") and Juan Tafoya Land Corporation ("JTLC") representatives about revised terms on the respective mining leases to reflect current uranium market price conditions. Subsequent to quarter end, the Company and JTLC executed an amendment to the JTLC Mining Lease ("Lease") whereby the annual rent was reduced from \$307,000 to \$175,000 for each of the next three years, the production royalty was fixed at 4% versus a variable rate ranging from 4.65% to 6.5%, the royalty for non-property uranium concentrates that are milled, transported over, stored or processed at, but not mined on, the land covered by the Lease was increased from 0.5% to 2% and JTLC was granted the right to utilize certain water rights covered by the Lease until required by the Company for exploration or development activities on the Lease properties. Discussions with CLG representatives are ongoing.
- **Laramide asset sale.** On January 5, 2017, the Company closed the sale of its Crownpoint and Churchrock properties in New Mexico to [Laramide Resources Ltd.](#) ("Laramide"). At the closing, the Company transferred its wholly-owned subsidiary Hydro Resources, Inc. to Laramide and in exchange received \$2.25 million in cash, common stock and warrants from Laramide valued at \$0.5 million, a three-year secured promissory note in the amount of \$5.0 million, and other consideration. The Company had received a non-refundable payment of \$250,000 from Laramide in October 2016.
- **Equity capital raises.** In 2017 to date, the Company has raised net proceeds of \$13.4 million, comprised of a registered direct offering of \$4.5 million which closed on February 16, 2017, and \$8.9 million from the sale of common stock and pre-funded warrants in a confidentially marketed public offering which closed on January 19, 2017. All warrants have been exercised.
- **RCF loan retired.** On February 9, 2017, the Company paid \$5.7 million out of treasury to repay the remaining principal and interest amounts due and outstanding under the loan agreement with Resource Capital Fund V L.P. ("RCF"), and the loan agreement was thereby terminated. In connection with the termination of the loan agreement, all security interests and pledges granted to RCF by the Company and certain of its subsidiaries were terminated and in due course will be released.

Key Financial Highlights

Table 1: Financial Summary (unaudited)

(\$ and Shares in 000, Except Per Share)	31-Mar-17	31-Mar-16	Variance
Net Cash Used in Operations	\$ (3,287)	\$ (2,205)	49 %
Mineral Property Expenses	(769)	(731)	5 %
General and Administrative, including Non-cash Stock Compensation	(1,668)	(2,145)	-22 %
Net Income (Loss)	\$ 1,845	\$ (4,273)	-143 %
Net Income (Loss) per Share	\$ 0.09	\$ (0.86)	-110 %
Avg. Weighted Shares Outstanding	21,602	4,968	335 %

- Net cash used in operations. Net cash used in operating activities was \$3.3 million for the three months ended March 31, 2017, as compared with \$2.2 million for the same period in 2016. The increase of \$1.1 million in cash used is primarily due to an increase in cash used to reduce accounts payable of \$1.6 million, which was partially offset by a decrease in cash expenditures related to general and administrative expenses of \$0.3 million.
- Operating expenses. Mineral property expenses were slightly increased from the corresponding period during 2016, mostly the result of an increase of \$0.1 million as a result of our acquisition of an option to purchase additional claims at the Columbus Basin project for \$75,000 and the purchase of exploration data for the Columbus Basin project for \$15,000. General and administrative charges decreased by \$0.5 million as compared with the corresponding period in 2016 due to a decrease in stock compensation expense of \$0.2 million and a decrease in legal, accounting, public company, consulting and professional expenses of \$0.3 million which was mostly because of fewer M&A related activities during 2017 versus 2016.
- Net income. Consolidated net income for the three months ended March 31, 2017 was \$1.8 million or \$0.09 per share, as compared with a consolidated net loss of \$4.2 million, or \$0.86 per share for the same period in 2016. The increase in consolidated net income of \$6.0 million from the respective prior period was mostly the result of a gain on the disposal of the Churchrock and Crownpoint projects of \$4.4 million and decreases in interest expense of \$0.8 million, general administrative expenses of \$0.5 million and commitment fees of \$0.3 million.
- Cash and working capital. Continued working capital improvements resulted in an improved cash balance of \$9.9 million at March 31, 2017 and working capital of \$11.4 million compared to a working capital deficit of \$4.3 million at December 31, 2016. The increase in working capital of \$15.6 million for the three months ended March 31, 2017 was primarily due to the completion of two equity offerings in January 2017 and February 2017 for net proceeds of \$8.9 million and \$4.5 million, respectively, the completion of the sale of the Churchrock and Crownpoint properties to Laramide on January 5, 2017 wherein the Company received \$2.2 million in cash, a \$5.0 million promissory note, of which \$1.5 million is due within 12 months and 2,218,333 shares of Laramide's common stock which had a fair value of \$1.0 million at March 31, 2017, reduced by the repayment of the remaining \$5.7 million outstanding under the RCF Loan. As of May 5, 2017, the Company held cash and cash equivalents totaling approximately \$8.2 million. The Company's current cash and working capital is expected to provide necessary liquidity through March 31, 2018.
- Shares outstanding. Total shares outstanding at May 5, 2017 are 24,513,787.

Industry Update

Lithium Industry

The primary use for lithium is a key ingredient in rechargeable batteries for electronic devices and electric vehicles. Lithium ion batteries, as they are known, have been adopted as the standard method of powering electronic devices such as smart phones and small, portable computers for some time, but it is the transportation market that is expected to drive growth for the next decade. Growth in consumption of lithium is expected to average over 6% annually between now and 2025, according to CRU International Limited, with the transportation sector accounting for much of this growth. This major component is expected to rise from 20% to 39% of total demand over the next seven years.

At the same time, lithium prices have risen in response to increased demand. Lithium Carbonate ("LCE") is one form of lithium used for battery manufacturing, and prices have risen from \$5,792 per metric ton in 2015 to \$7,300 per metric ton in just over a year. Lithium Hydroxide, a second form of the material, prices have risen from \$6,974 per metric ton to over \$23,000 per metric ton during the same period.

URI's new business targets production of lithium carbonate from lithium salts brines. This is typically the lowest cost type of processing. While the technologies are well known in some respects, it takes time for deposits to be discovered and developed, which should result in a supply deficit over the next few years. We believe that expected higher prices should encourage investment in the sector and bring new sources of production online over time. CRU International Limited expects long term lithium prices to stabilize at approximately \$6,400 per metric ton and \$9,400 per metric ton for lithium carbonate and lithium hydroxide, respectively. These are considerably higher than the historic prices for these products.

URI is targeting exploration and development of lithium brines because they are characteristically in the lowest operating cost quartile of production, and would be more likely to be profitable in the markets described above.

Uranium Industry

The significant commercial use for uranium is as a fuel for nuclear power plants for the generation of electricity. According to the World Nuclear Association ("WNA"), as of January 2017, there were 406 nuclear reactors operable worldwide with annual requirements of about 138 million pounds of uranium, excluding Japan and its 41 operable but idled reactors. Thirty countries including Japan utilized nuclear power in 2016. In addition, world-wide the WNA lists 60 reactors under construction, 164 being planned and 347 being proposed.

While global nuclear power generation is expected to increase driving demand through 2030, especially in China, Russia, India and South Korea, UxC Consulting projects continued oversupply and low uncovered demand over the near-to-medium term due to higher inventory levels at utilities. During 2016, term contracting was weak and focused on shorter period mid-term contracts. This restrained the spot market as discretionary buying was also weak. UxC projects that global nuclear power generation will

expand to 518 reactors in 36 countries by 2030.

Worldwide uranium production or primary supply in 2016 is estimated by UxC Consulting in its Q4 2016 report at 160 million pounds of U₃O₈. This is compared with 158 million pounds of primary supply in 2015. Total supply in 2016, including secondary supplies, is expected to total 206 million pounds. Secondary supplies are derived from sales from governments, including the US government, enricher services and commercial inventories.

During the first quarter of 2017, the average weekly spot price of uranium was \$23.96 per pound compared with \$32.77 in 2016. During Q1 2017, the weekly spot price of uranium reached a high of \$26.50 in February and a low of \$20.25 in January. The quarter-end spot price was \$24.50. As of May 8, 2017, the weekly spot price was \$22.50 per pound.

Some analysts project that uranium prices may have bottomed and expect gradually recovering uranium prices from a supply deficit as uranium market fundamentals for supply and demand improve over time. Secondary supply inventories continue to weigh on the uranium market in the near term but are expected to reduce from depleted government inventories and a rebalancing of the enrichment sector, according to UxC. Demand for uranium is expected to improve from an increase of nuclear power generation in China and other countries.

Outlook

The Company's current cash is expected to fund critical operations through year-end 2017 and into the first quarter of 2018. As an exploration and development company with no current production, the Company expects to obtain additional capital market financing, including the possible further sale of non-core assets, to fund its lithium exploration program and to operate the Company through 2018.

The Company's goals for the remainder of 2017 are as follows:

- Lithium: Continue to develop and implement exploration plans for the Company's lithium assets in Nevada and Utah.
- Uranium: Maintain our low-cost uranium portfolio and continue reclamation work in Texas.
- Ongoing Cost Rationalization Efforts: Continue to reduce operating and general and administrative expenditures in 2017.
- M&A Efforts Continue. Maintain an opportunistic posture in mergers and acquisitions by focusing on low-cost development opportunities in energy metals.

About Uranium Resources

URI is focused on expanding its energy metals strategy, which includes developing its new lithium business while maintaining optionality on the future rising uranium price. The Company has developed a dominant land position of over 27,000 acres in two prospective lithium brine basins in Nevada and Utah in preparation for exploration and potential development of any lithium resources that may be discovered there. In addition, URI remains focused on advancing the Temrezli in-situ recovery (ISR) uranium project in Central Turkey when uranium prices permit economic development of this project. URI controls extensive exploration properties in Turkey under eight exploration and operating licenses covering approximately 39,000 acres (over 16,000 ha) with numerous exploration targets, including the potential satellite Sefaatli Project, which is 30 miles (48 km) southwest of the Temrezli Project. In Texas, the Company has two licensed and currently idled uranium processing facilities and approximately 11,000 acres (4,400 ha) of prospective ISR uranium projects. In New Mexico, the Company controls mineral rights encompassing approximately 186,000 acres (75,300 ha) in the prolific Grants Mineral Belt, which is one of the largest concentrations of sandstone-hosted uranium deposits in the world. Incorporated in 1977, URI also owns an extensive information database of historic drill hole logs, assay certificates, maps and technical reports for uranium properties located in the Western United States.

Cautionary Statement

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as "expects," "estimates," "projects," "anticipates," "believes," "could," and other similar words. All statements addressing events or developments that the Company expects or anticipates will occur in the future, including but not limited to statements relating to developments at the Company's projects, including future exploration costs and results, future demand for and price of uranium and lithium, and the Company's liquidity are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties include, but are not limited to, (a) estimated or expected net cash used in operations, mineral property expenses, general and administrative expenses, net loss, and cash and working capital positions for the twelve months ended December 31, 2017, (b) the Company's ability to raise additional capital in the future; (c) spot price and long-term contract price of uranium and lithium; (d) risks associated with our foreign operations, (e) operating conditions at the Company's projects; (f) government and tribal regulation of the uranium industry, the lithium industry, and the power industry; (g) world-wide uranium and lithium supply and demand, including the supply and demand for lithium-based batteries; (h) maintaining sufficient financial assurance in the form of sufficiently collateralized surety instruments; (i) unanticipated geological, processing, regulatory and legal or other problems the Company

may encounter in the jurisdictions where the Company operates, including in Texas, New Mexico, Utah, Nevada and Turkey; (j) the ability of the Company to enter into and successfully close acquisitions or other material transactions; (k) the results of the Company's lithium brine exploration activities at the Columbus Basin and Sal Rica Projects, (l) the ability of the Company to negotiate an extension on the Cebolleta lease and (m) other factors which are more fully described in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of the Company's underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on the Company's forward-looking statements. Except as required by law, the Company disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this news release.

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