

Westwater Resources Reports 2018 Results & Energy Minerals Business Update

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[Westwater Resources Inc.](#) (“Westwater,” or the “Company”) (Nasdaq: WWR), an energy materials development company, announced its results for fiscal year 2018, and provided an outlook on its energy minerals business development for 2019.

Christopher M. Jones, President and Chief Executive Officer, said, “We are pleased with our accomplishments in 2018, including our acquisition and integration of [Alabama Graphite Corp.](#), which gives us an advantage in a key component of electrical storage devices. We ended 2018 with the discovery of substantial vanadium mineralization on our existing mineral leases in Alabama. We are making progress on all fronts; many facets of Westwater’s business are developing simultaneously. Collectively, I believe these factors will continue to benefit our business and further advance Westwater all while maximizing shareholder value.”

Highlights for 2018 and to Date

- **RECENT VANADIUM DISCOVERY:**
 - On November 29, 2018, Westwater announced the discovery of significant levels of vanadium concentrations at several locales within the graphitic schists at the Company’s Coosa Graphite Project (“Coosa Project”).
 - On February 19, 2019, concurrent with the issuance of this press release the Company also announced that it has received independent lab results that demonstrated a wide-spread distribution of vanadium mineralization throughout the central portion of the Company’s mineral holdings within the Coosa Project in Alabama. The wide-spread distribution of highly anomalous vanadium mineralization, commonly in association with strong graphite mineralization, points to the need for comprehensive follow-up drilling and trenching to more fully define the ultimate distribution and intensity (grade) of the graphite and vanadium resources of the Coosa Project. Planning is underway for additional core drilling and surface trenching of individual target areas and extensions of known mineralized zones. Additionally, Westwater will initiate a program to evaluate and assess various processing options to economically recover vanadium as a byproduct to graphite.
- **GRAPHITE BUSINESS DEVELOPMENT:**
 - Pilot plant planning for operations remains on-track for 2019.
 - Plant start up and initial operations will utilize purchased graphite feedstock, bringing forward revenues and cash flow in time.
 - First revenues are expected in 2021.
 - Positive cash flow for the graphite business is expected in 2022.
 - The mine is planned for construction in 2025, with planned production in 2026 – funded from operating cash flow rather than external financing.
 - Net present values are estimated to be \$400 - \$500 million, depending on contingency.
 - Capital expenditures, now including pilot plant studies and final plant design, are estimated at \$42.0 million.
 - We have over two-dozen Non-Disclosure Agreements in place for discussions with potential customers.
 - On September 6, 2018, Westwater announced the successful production of over 4 kilograms of Purified Micronized Graphite (“PMG”). PMG is used as a conductivity enhancement material for a variety of battery applications. Electrical performance testing by an independent lab confirmed that the PMG performs as well as expected. Samples of PMG are being tested by two potential customers.
 - Work continues with business, state and local officials in Alabama to site, permit and explore business incentives.
 - The Company gave a well-received presentation at Benchmark Mineral Intelligence’s “Graphite + Anodes 2018” Conference, on October 23rd in Newport Beach, California. The presentation included a Company overview and an update on Westwater’s graphite business plan for potential customers.

- **LITHIUM EXPLORATION PROJECTS:**
 - On March 24, 2018, the Company exercised an option to purchase a block of unpatented placer mining claims covering an area of approximately 3,000 acres within the Columbus Salt Marsh area of Esmeralda County, Nevada. The claims adjoin a portion of the Company's other property holdings at its Columbus Basin Project, expanding the project area within the basin to approximately 14,200 acres.
 - The Company continues to develop its water rights positions and geological knowledge on its three highly prospective lithium-enriched brine properties in Nevada and Utah.
- **URANIUM PROJECTS: Activities included:**
 - On September 21st, 2018 the Company made public an analysis of the current uranium market that backs up the Company's belief that a continued rise in uranium prices is likely. This makes it clear there is strong interest in securing uranium supplies at lower prices as a hedge. Uranium spot prices hit \$29.15 per pound on November 19, 2018 its highest level since March 2016. Five-year futures have also risen to over \$35/lb. since August.
 - Westwater has completed wellfield plugging at the Vasquez Project in Texas and has received certification by the Texas Commission on Environmental Quality (TCEQ). This paves the way for surface reclamation completion and bond release applications in 2019. Reclamation of the waste disposal well and its associated pond, as well as the remainder of the surface is scheduled for completion in 2019.
 - At the Rosita Project in Texas, the wellfield Production Areas 1 & 2 are plugged, and surface reclamation in those areas is also expected to be completed in 2019.
 - The Company published a new technical report outlining resources on its property holdings at Ambrosia Lake in New Mexico.
- **CORPORATE ACTIVITIES:**
 - **ARBITRATION CASE REGISTERED:** On December 21, 2018, the International Centre for Settlement of Investment Disputes (ICSID) registered Westwater's Request for Arbitration. The registration is the next step in the process whereby Westwater will recover compensation from the Republic of Turkey for its takings of the Temrezli and Sefaatli uranium properties. On June 20, 2018, the Turkish government notified the Company that the mining and exploration licenses for its Temrezli and Sefaatli projects located in Turkey had been revoked and proffered as-yet undefined compensation.
 - **KARLI ANDERSON JOINS BOARD:** Karli Anderson joined Westwater's Board of Directors on September 18, 2018. Ms. Anderson, 45, most recently served as Vice President Investor Relations for [Royal Gold Inc.](#) (NASDAQ: RGLD), a precious metals stream and royalty company with over 190 properties across six continents. Previously, Ms. Anderson was a Senior Director of Investor Relations for [Newmont Mining Corp.](#) (NYSE: NEM), one of the world's largest gold mining companies. Ms. Anderson also serves on the Board of Directors of the Women's Mining Coalition.
 - **PROPOSED EPA RULE CHANGE WITHDRAWN:** The US Environmental Protection Agency (EPA) recently withdrew a rule change proposed in 2017 for groundwater restoration that would have raised costs for the uranium industry with almost no benefit to the environment if enacted. Westwater is currently involved in two uranium reclamation projects, and this EPA decision is an important sign that future reclamation operations will not be impacted by poorly conceived rules. Westwater is committed to the safety of the environment and the public, and fully supports compliance with sensible and effective regulations.
 - **TEXAS SUPREME COURT SUCCESS:** On March 23, 2018, after a nine-year legal dispute with Kleberg County, Texas, involving the Company's Kingsville Dome site, Westwater prevailed at the Texas Supreme Court, enabling future reclamation of some of our wellfields at Kingsville.
 - **COST RATIONALIZATION EFFORTS:** The Company continues to seek to reduce operating and general and administrative expenditures.
 - **EQUITY CAPITAL RAISES:** In 2018, the Company raised net proceeds of \$8.7 million, comprised of \$1.3 million from sales of stock pursuant to the Company's Stock Purchase Agreements with Aspire Capital (now canceled), \$4.5 million from sales of stock from the Company's ATM facility with Cantor Fitzgerald and a registered direct offering of \$2.9 million from the sale of common stock and pre-funded warrants to Aspire Capital which closed on June 14, 2018. All pre-funded warrants were exercised in August 2018.
 - **CASH AND WORKING CAPITAL:** Cash and working capital balances at December 31, 2018 were \$1.6 million and \$1.0 million, respectively.

Key Financial Highlights
Table 1: Financial Summary

(\$ and Shares in 000, Except Per Share) 2018 2017 Variance

Net Cash Used in Operations	\$ (11,648)	(\$ 11,603)	1	%
Mineral Property Expenses	\$ (3,538)	\$ (4,584)	-23	%
General and Administrative, including Non-cash Stock Compensation	\$ (7,357)	\$ (6,614)	11	%
Net Loss	\$ (35,684)	\$ (19,288)	85	%
Net Loss Per Share	\$ (0.77)	\$ (0.78)	1	%
Weighted Avg. Shares Outstanding	46,384	24,737	88	%

- Net cash used in operations. Net cash used in operating activities was \$11.7 million in 2018, compared to \$11.6 million in 2017. The increase of \$0.1 million reflected an increase in cash used for prepaids and accounts payable of \$1.1 million, which was mostly offset by a decrease in operating expenses of \$1.0 million.
- Operating expenses. Mineral property expenses for the year ended December 31, 2018 were \$3.5 million, as compared with \$4.6 million for the year ended December 31, 2017. The decrease was primarily due to a reduction in exploration activities in our lithium projects in Utah and Nevada, and a reduction in land holding costs for the Cebolleta and Juan Tafoya uranium properties of \$0.4 million. However, general and administrative expense increased by \$0.7 million for fiscal year 2018, compared with fiscal year 2017. The increase of \$0.7 million in 2018 was due to increases in salaries and payroll burden of \$0.3 million, largely due to a higher head count and consulting and professional expenses of \$0.4 million, primarily related to post-acquisition Alabama Graphite operations.
- Net loss. Our consolidated net loss for the year ended December 31, 2018 was \$35.7 million or \$0.77 per share, as compared to a loss of \$19.3 million or \$0.78 per share for the same period in 2017. The increase in our consolidated net loss from the year prior was primarily the result of the larger impairment charge on our uranium properties in 2018, mostly consisting of a \$18.0 million impairment charge relating to the Temrezli and Sefaatli Projects located in Turkey, an increase in general and administrative expenses of \$0.7 million, and the gain recorded in 2017 of \$4.9 million from the sale of our Churchrock and Crownpoint uranium properties to Laramide Resources. These increases were mostly offset by a decrease in mineral property expenses of \$1.0 million.
- Cash and working capital. The Company's cash balances were \$1.6 million and the Company had a working capital balance of \$1.0 million as of December 31, 2018, compared to working capital of \$3.9 million at December 31, 2017. The \$2.9 million decrease in working capital was due to \$1.5 million in loan advances and acquisition costs for the acquisition of Alabama Graphite, a \$0.4 million reduction in accounts payable and continued funding of operating losses from the sale proceeds of available-for-sale marketable securities of \$0.8 million.
- As of December 31, 2018, the Company's cash position, working capital, along with the anticipated funding from the Company's financing agreements and the Laramide promissory note, is expected to provide the necessary liquidity through January 31, 2020, assuming the Company is successful in maintaining the listing of its common stock on Nasdaq and remains eligible to sell shares through its ATM program.
- Shares outstanding. Total shares outstanding as of February 15, 2019 was 74,399,332 shares.

Conference Call & Webcast

The Company will hold a conference call to discuss its full year 2018 financial results and recent developments later today, Tuesday, February 19, 2019 at 11:00 a.m. Eastern Time (9:00 a.m. Mountain Time).

Dial-in Numbers: +1 (800) 319-4610 (U.S. and Canada)

+1 (604) 638-5340 (International)

Conference ID: Westwater Resources Conference Call

Hosting the call will be Christopher M. Jones, President and Chief Executive Officer of Westwater Resources, who will be joined by Jeffrey L. Vigil, Vice President-Finance and Chief Financial Officer. Mr. Jones will present an overview of the Company's business position and provide updates on its graphite, lithium and uranium businesses. Mr. Vigil will review the financial results.

The conference call and presentation will also be available via a live webcast through the Company's website, www.WestwaterResources.net. A replay of the call will be available on the Company's

website for a limited time and also by phone using the details below.

Replay Numbers: +1 (855) 669-9658 (U.S. and Canada)
+1 (412) 317-0088 (International)

Replay Access Code: 2957

About Westwater Resources

WWR is focused on developing energy-related materials. The Company's battery-materials projects include the Coosa Graphite Project — the most advanced natural flake graphite project in the contiguous United States — and the associated Coosa Graphite Mine located across approximately 41,900 acres (~17,000 hectares) in east-central Alabama. In addition, the Company maintains lithium mineral properties in three prospective lithium brine basins in Nevada and Utah. Westwater's uranium projects are located in Texas and New Mexico. In Texas, the Company has two licensed and currently idled uranium processing facilities and approximately 11,000 acres (~4,400 hectares) of prospective in-situ recovery uranium projects. In New Mexico, the Company controls mineral rights encompassing approximately 188,700 acres (~76,000 hectares) in the prolific Grants Mineral Belt, which is one of the largest concentrations of sandstone-hosted uranium deposits in the world. Incorporated in 1977 as Uranium Resources, Inc., Westwater also owns an extensive uranium information database of historic drill hole logs, assay certificates, maps and technical reports for the western United States. For more information, visit www.westwaterresources.net.

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 WWR expects or anticipates will occur in the future, including but not limited to statements relating to the Company's growth, developments at the Company's projects, the future production of graphite, including on a pilot scale, future sales of graphite, including as a first mover for key components of electrical storage devices, the continued listing of the Company's common stock on Nasdaq, and the Company's liquidity and cash demands, including future capital markets financing and disposition activities, 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) the availability of capital to the Company and the Company's ability to continue as a going concern; (b) the availability of the Company to continue to satisfy the listing requirements of the Nasdaq Capital Market; (c) the spot price and long-term contract price of graphite, vanadium, lithium and uranium; (d) the ability of the Company to enter into and successfully close acquisitions, dispositions or other material transactions; (e) government regulation of the mining industry and the nuclear power industry in the United States; (f) operating conditions at our mining projects; (g) the world-wide supply and demand of graphite, vanadium, lithium and uranium; (h) weather conditions; (i) unanticipated geological, processing, regulatory and legal or other problems the Company may encounter; (j) the results of the Company's exploration activities, and the possibility that future exploration results may be materially less promising than initial exploration result; (k) any graphite, vanadium, lithium or uranium discoveries not being in high enough concentration to make it economic to extract the metals; (l) currently pending or new litigation or arbitration; (m) the Company's ability to maintain and timely receive mining and other permits from regulatory agencies; and (n) 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. The results of the initial optimization study are preliminary in nature and subject to revision following WWR's further analysis of the Coosa Project.

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