

# Westwater Resources Reports Second Quarter 2019 Operating Results

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[Westwater Resources Inc.](#) (Nasdaq: WWR), an energy materials development company, announced today its results for the second quarter of fiscal year 2019, and discussed its business outlook and its energy materials business development for the remainder of 2019.

Christopher M. Jones, President and Chief Executive Officer, said, "In the first half of 2019 we sought to optimize our present asset portfolio and maintain the right options for the future, with the goal of ensuring significant shareholder value. We believe we have been successful on many fronts. We have made progress with our battery-grade products. All three of our battery-grade products performed as we anticipated from long-term cycling data, demonstrating the commercial potential of the Coosa Graphite Project. We announced a new drilling and sampling exploration plan to explore our vanadium resources in five target areas of our Coosa Graphite Project, after independent testing verified it to be a significant find.

"We have also secured financing at a low cost of capital that will enable us to continue our progress in starting-up our pilot plant at the Coosa Graphite Project, which brings revenues and cash flows forward into 2020. At the same time, we have made meaningful progress on reducing our costs and we continue to divest our non-core uranium holdings for near-term cash consideration.

"We are off to a strong start in 2019, as we have already executed on a variety of business successes. We believe that our continued efforts will begin to deliver consistent and reliable performance that will enable us to create long-term dependable value. I wish to thank our loyal shareholders for their continued support," concluded Mr. Jones.

## Highlights for 2Q-2019 and to Date

- **VANADIUM DISCOVERY:** On February 19, 2019, Westwater 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 Graphite Project in Alabama.
  - On April 9, 2019, the Company announced a new drilling and sampling exploration plan to explore for and define vanadium resources, and to further quantify the graphite deposit, on five target areas at the Coosa Graphite Project in Alabama. The Company believes that this exploration plan could advance and enhance the evaluation of its existing graphite resource, including the possibility for an extension of that mineralization.
- **GRAPHITE TESTING:** On April 11, 2019, Westwater provided independent test results from long-term cycling data conducted on uncoated, spherical purified graphite (SPG) from the Company's Coosa Graphite Project:
  - "Near theoretical" reversible capacity was achieved on the first cycle.
  - Purification, micronization, spheronization and sizing was performed on the natural flake graphite from our Coosa Graphite Project utilizing the Company's proprietary process. The purity level achieved was 99.95 wt%.
  - Optimization on electrode formulation was achieved to extend the cycling performance. Testing under prolonged cycling conditions showed that SPG from the Coosa Graphite Project demonstrated stable performance over 150 cycles.
- **ADDITIONAL GRAPHITE TESTING:** On April 19, 2019, Westwater provided the long-term cycling data obtained by independent tests conducted on coated spherical purified natural crystalline graphite (ULTRA-CSPG™) from the Company's Coosa Graphite Project:
  - Extremely low irreversible capacity loss of 4.03% due to optimized electrode formulation.
  - First ever long-term cycling data on US sourced CSPG.
  - Very stable cycling performance over 200 cycles.
  - Superior performance compared to the leading CSPG originated from China.

- **LITHIUM PROGRESS:** On April 12, 2019, Westwater announced that its application for the use of 1500 acre-feet of groundwater per year has been approved by the Department of Natural Resources of the State of Utah. This water is intended for the development of lithium mining operations at the Company's Sal Rica Project.
  - The right to use water is very important in the arid American West, and this right is essential to the development of lithium brine resources at the Sal Rica project.
- **URANIUM PROGRESS:** On March 7, 2019, Westwater announced that Uranium Royalty Corp. (URC) and its US subsidiary have together agreed to purchase four royalties owned by Westwater on future uranium production from mineral properties in South Dakota, Wyoming and New Mexico, as well as a promissory note in the amount of \$2.0 million and the related mortgage that the Company holds on the Church Rock and Crownpoint properties in New Mexico owned by Laramide Resources. URC and its US subsidiary have agreed to purchase these interests for collective total consideration of \$2.75 million, including \$0.5 million paid at signing.
  - On June 28, 2019, Westwater and URC agreed to extend the date for closing to August 30, 2019. In addition, URC delivered an additional \$1.0 million as deposit to Westwater, increasing the total deposit to \$1.5 million, which will be credited against the purchase price at the closing of the transaction. Subject to certain limitations, in the event that the transaction does not close by August 30, 2019, the Company may terminate the agreement and retain the \$1.5 million deposit.
- **RECLAMATION SUCCESS:** On March 4, 2019, the Texas Commission on Environmental Quality (TCEQ) certified the third phase of site reclamation at the Vasquez Project in Duval County, Texas as complete and released a surety bond posted by the Company in excess of \$208,000. This milestone involved the complete reclamation and plugging of 844 production wells formerly used for production and water quality monitoring. This success follows a similar reclamation milestone achievement at our Rosita property, also in Texas.
  - Final reclamation efforts, including surface work and the reclamation of a waste disposal well at Vasquez are expected to be complete later this year. Once that work is certified as complete by the TCEQ, Westwater will follow up with a request for surety bond release on that phase, much as we have on previous phases.
- **REVERSE SPLIT:** On April 18, 2019 our shareholders approved a reverse split of our stock. Subsequently, on April 22, 2019, we executed a 50-to-1 split of our shares. Westwater took this action to regain compliance with the Nasdaq \$1.00 minimum bid requirement, which allowed the Company to maintain its listing on Nasdaq.
- **PURCHASE AGREEMENT WITH LINCOLN PARK CAPITAL:** On August 6, 2019, our shareholders approved the \$10 million Purchase Agreement between Westwater Resources and Lincoln Park Capital.
  - Strategy uses low price discounts and provides opportunistic timing options that take advantage of market events that cannot be anticipated.
  - Will lower the cost of capital by approximately 75%, and reduced warrant coverage to below industry norms.

## Key Financial Highlights

Table 1: Financial Summary

(\$ and Shares in 000's, Except Per Share)	2Q 2019	2Q 2018	2Q Variance	1H 2019	1H 2018	1H Variance
Net Cash Used in Operations	\$ (1,584)	\$ (2,394)	-34%	\$ (4,324)	\$ (6,090)	-29%
Mineral Property Expenses	\$ (824)	\$ (969)	-15%	\$ (1,458)	\$ (1,751)	-17%
General and Administrative, including Non-cash Stock Comp	\$ (2,054)	\$ (2,054)	0%	\$ (3,890)	\$ (3,859)	1%
Net Loss	\$ (2,775)	\$ (20,457)	-86%	\$ (5,949)	\$ (23,876)	-75%
Net Loss Per Share	\$ (1.81)	\$ (25.63)	-93%	\$ (3.95)	\$ (35.14)	-89%
Avg. Weighted Shares Outstanding	1,533	798	92%	1,506	679	122%

- Net cash used in operations. Net cash used in operating activities was \$1.6 million in 2Q-2019, compared to \$2.4 million in 2Q-2018. The decrease of \$0.8 million was primarily due to less cash being used for payment of liabilities. For 1H-2019, net cash used in operating activities was \$4.3 million compared to \$6.1 million in 1H-2018. Similarly, the decrease of \$1.8 million was also due to an increase in working capital items, as well as a \$0.3 million decrease in mineral property expenses for the period.
- Operating expenses. Mineral property expenses decreased by approximately \$0.1 million for 2Q-2019 and \$0.3 million for 1H-2019. The decrease was partially due to a reduction in operating activities at the Temrezli Project of \$0.1 million from the prior year because of the revocation of the mining licenses by the government of Turkey in June 2018. Additionally, there was a reduction of \$0.2 million in reclamation activities at the Vasquez and Rosita Projects due to adverse weather conditions in 2019. General and administrative costs remained even over the periods. Increases in legal, accounting and public company expenses of \$0.8 million were offset by decreases in stock compensation, consulting and professional services and office expenses.
- Net loss. Consolidated net loss for the three months ended June 30, 2019 was \$2.8 million, or \$1.81 per share, down from \$20.5 million, or \$25.64 per share for the same period in 2018. The decrease in consolidated net loss was mainly the result of the nearly \$18 million impairment charge for the Temrezli and Sefaatli uranium mineral interests made during 2Q-2018.
- Cash and working capital. As of June 30, 2019, the Company's cash balance was \$1.2 with a working capital deficit of \$2.7 million, compared with a cash balance of \$1.6 million and positive working capital of \$1 million at December 31, 2018. This decrease in working capital is due in most part to a \$2.6 million increase in accounts payable and accrued liabilities at 2Q-2019, as compared with year end 2018. \$1.5 million of the increase in accrued liabilities is the deposit received from URC for the asset sale transaction set to close on August 30, 2019.
- Shares outstanding. Total shares outstanding are 1,858,211 as of August 2, 2019.

#### Conference Call & Webcast

The Company will hold a conference call to discuss its second quarter 2019 results Thursday, August 8, 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](http://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: 3481

#### About Westwater Resources

WWR is focused on developing energy-related materials. The Company's battery-materials projects include the Coosa Graphite Project &mdash; the most advanced natural flake graphite project in the contiguous United States &mdash; and the associated Coosa Graphite Mine located across 41,900 acres (~17,000 hectares) in east-central Alabama. In addition, the Company maintains lithium mineral properties in 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](http://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 developments and future production from the Coosa Graphite Project, the performance of and market for the Company's graphite products, and the potential for partnering opportunities or project finance for the Company's projects, 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 Company's ability to successfully integrate [Alabama Graphite Corp.](#)'s business into its own, and the risk that additional analysis of the Coosa Graphite Project may result in revisions to the findings of WWR's initial optimization study; (b) the Company's ability to raise additional capital in the future; (c) spot price and long-term contract price of graphite, lithium, vanadium and uranium; (d) risks associated with our domestic operations; (e) operating conditions at the Company's projects; (f) government and tribal regulation of the graphite industry, the lithium industry, the vanadium industry, the uranium industry, and the power industry; (g) world-wide graphite, lithium, vanadium and uranium 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 or intends to operate, including in Alabama, Texas, New Mexico, Utah, and Nevada; (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, Railroad Valley, and Sal Rica projects, and the possibility that future exploration results may be materially less promising than initial exploration result; (l) any graphite, lithium, vanadium or uranium discoveries not being in high-enough concentration to make it economic to extract the metals; (m) currently pending or new litigation or arbitration; 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.

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### Contact

Westwater Resources Contact:  
Christopher M. Jones, President & CEO  
Phone: 303.531.0480  
Jeff Vigil, VP Finance & CFO  
Phone: 303.531.0481  
Email: [Info@WestwaterResources.net](mailto:Info@WestwaterResources.net)

Investor Relations Contact:  
Michael Porter  
Porter, LeVay and Rose  
Phone: 212.564.4700  
Email: [Westwater@plinvest.com](mailto:Westwater@plinvest.com)

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