Westwater Resources Announces Q1 2023 Business and Financial Updates

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Announces Joint Development Agreement with SK On, a Leading Electric Vehicle Battery Manufacturer

Westwater Resources Inc. (NYSE American: WWR) an energy technology and battery-grade natural graphite development company ("Westwater" or the "Company"), is pleased to announce its first quarter results for the period ended March 31, 2023 and provide business and financial updates.

Joint Development Agreement with SK On

Westwater Resources has entered into a Joint Development Agreement ("JDA") with SK On, a leading electric vehicle ("EV") battery manufacturer, under which the parties will work together to ensure that the Coated Spherical Purified Graphite ("CSPG") planned to be produced at the Company's Kellyton Graphite Processing Plant (the "Kellyton Plant") can be used as a high-performance anode material for SK On's batteries. Subject to those efforts, the parties expect to negotiate another agreement that will allow for the sale of potentially all graphite anode material from the Kellyton Plant for SK On's batteries.

SK On currently operates two EV battery plants in Commerce, Georgia. The South Korean battery maker is also building three EV battery plants in the U.S. as part of a joint venture with Ford Motor Co., and pursuant to which SK On and Ford plan to operate two battery plants in Glendale, Kentucky, and one factory in Stanton, Tennessee. Additionally, SK On recently announced that it has agreed with Hyundai Motor Group to establish an EV battery plant in Bartow County, Georgia, through a joint venture.

"The JDA with SK On is another major advancement in Westwater's graphite business, and we are extremely excited to partner with a leading global battery manufacturer like SK On," said Terence Cryan, Westwater's Executive Chairman. "Following the passage of the Inflation Reduction Act, many battery manufacturers are seeking to secure North American anode material from our Kellyton Plant."

Construction Progress at the Kellyton Plant

During the first quarter of 2023, the Company continued construction activities related to Phase I of its Kellyton Plant, including the receipt of additional long-lead equipment components, further work on underground utilities, and the construction and assembly of plant buildings. As of the date of this press release, five processing buildings have been completed and are ready for equipment installation to begin.

Construction Financing Update

Westwater is continuing its efforts to close a financing transaction for $150 million of private debt, which would cover the balance of the estimated Phase I capital requirements. As of March 31, 2023, Westwater had a cash balance of $39.7 million and a working capital balance of $22.7 million. As of March 31, 2023, the Company has approximately $182 million of cash spend remaining related to Phase I of the Kellyton Plant.

Financial Summary

($ in thousands, Except Share and Per Share Amounts)	Q1 2023	Q1 2022	Variance
Net Cash Used in Operations	$(2,956)	$(2,701)	9%

Net Cash Used in Investing Activities	$(33,960)	$(12,123)	180%
Net Cash Provided by Financing Activities	$1,424	$15,524	(91%)
Product Development Expenses	$(490)	$(233)	110%
General and Administrative Expenses	$(2,402)	$(2,211)	9%
Net Loss	$(2,390)	$(2,809)	(15%)
Net Loss Per Share	$(0.05)	$(0.08)	(38%)
Avg. Weighted Shares Outstanding	49,443,120	36,757,352	35%

- Net cash used in operations increased $0.3 million during the first quarter of 2023, compared to the same period in 2022 due primarily to the purchase of feedstock inventory of $2.0 million. This increase in feedstock inventory was partially offset by higher interest income of $0.6 million, and a decrease in prepaid deposits compared to an increase in prepaids and other assets in the first quarter of 2022.
- Net cash used in investing activities of $34.0 million for the first quarter of 2023, relates to construction spend for Phase I of the Kellyton Plant. Since beginning construction of Phase I of the Kellyton Plant in the fourth quarter of 2021, we have incurred approximately $102.4 million of capital costs, which is comprised of $89.3 million in investing cash outflows and the remainder included in the Company's working capital liabilities as of March 31, 2023.
- Net cash provided by financing activities decreased $14.1 million during the first quarter of 2023, compared to the same period in 2022, due to lower sales of shares under our equity financing facilities.
- Product development expenses for the first quarter of 2023 increased by $0.3 million compared to the same period in 2022. The increase in Product development expenses primarily relates to additional sample production for potential customers during the first quarter of 2023. We expect to continue to incur product development expenses as customers request additional samples and we work to contract our planned CSPG production from Phase I of the Kellyton Plant.
- General and administrative expenses increased by $0.2 million during the first quarter of 2023, compared to the same period in 2022. The increase is due primarily to increased personnel costs of approximately $0.3 million of severance expense related to the CEO change in January 2023. These increases were partially offset by a benefit in stock-based compensation related to stock award forfeitures that occurred during the first quarter of 2023.
- Consolidated net loss for the first quarter of 2023 was $2.4 million, or $(0.05) per share, compared to a net loss of $2.8 million, or $(0.08) per share, for first quarter of 2022. The $0.4 million decrease in net loss was due primarily to higher interest income earned on our cash balance of $0.6 million and lower exploration costs as well as lower legal costs related to the Company's arbitration against the Republic of Turkey; partially offset by the higher product development and general and administrative expenses discussed above.
- Cash and working capital as of March 31, 2023, were $39.7 million and $22.7 million, respectively, which represent respective decreases of $35.5 million and $28.3 million, compared to December 31, 2022. The decrease in cash was primarily due to capital expenditures of $34.0 million and cash used in operations of $3.0 million; partially offset by cash provided from financing activities. The decrease in working capital was due primarily to cash spend during the first quarter of 2023; partially offset by lower current liabilities as of March 31, 2023, compared to December 31, 2022.

Conference Call

Management will host a conference call to discuss these results on May 11, 2023, at 11:00 AM EST.

The dial-in numbers are:
Canada/USA TF: 1-800-319-4610
International Toll: +1-604-638-5340
Callers should dial in 5-10 min prior to the scheduled start time and simply ask to join the call.

A live webcast of the conference call presentation will also be available at www.westwaterresources.net

For a replay of the call:
Canada/USA TF: 1-855-669-9658

International Toll: +1-412-317-0088
Replay Access Code: 0058

About Westwater Resources, Inc.

Westwater Resources Inc. (NYSE American: WWR), an energy technology company, is focused on developing battery-grade natural graphite. The Company's primary project is the Kellyton graphite processing plant that is under construction in east-central Alabama. In addition, the Company's Coosa graphite deposit is the most advanced natural flake graphite deposit in the contiguous United States and located across 41,965 acres (~17,000 hectares) in Coosa County, Alabama. For more information, visit www.westwaterresources.net.

Cautionary Statement Regarding Forward-Looking Statements

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," "planned," "projects," "anticipates," "believes," "could," "intensified", "scheduled," "targets" and other similar words. Forward looking statements include, among other things, statements concerning the JDA and future agreements with SK On, potential debt financing, the construction and operation of the Company's Kellyton graphite processing plant, the Company's Coosa graphite deposit, and the costs, schedules, production and economic projections associated with them. The Company cautions that there are factors that could cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of the Company; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Westwater's Annual Report on Form 10-K for the year ended December 31, 2022, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: (a) our ability to finance growth plans and raise debt or equity capital; (b) the spot price and long?term contract price of graphite (both flake graphite feedstock and purified graphite products) and vanadium, and the world-wide supply and demand of graphite and vanadium; (c) the effects, extent and timing of additional competition in the markets in which we operate; (d) the ability to obtain contracts with customers; (e) available sources and transportation of graphite feedstock; (f) the ability to control costs and avoid cost and schedule overruns during the development, construction and operation of the Kellyton graphite processing plant; (g) the ability to construct and operate the Kellyton graphite processing plant in accordance with the requirements of permits and licenses and the requirements of tax credits and other incentives; (h) effects of inflation and rising interest rates; (i) the availability and supply of equipment and materials needed to construct the Kellyton graphite processing plant; (j) stock price volatility; (k) government regulation of the mining and manufacturing industries in the United States; (l) unanticipated geological, processing, regulatory and legal or other problems we may encounter; (m) the results of our exploration activities at the Coosa graphite deposit, and the possibility that future exploration results may be materially less promising than initial exploration results; (n) any graphite or vanadium discoveries at the Coosa graphite deposit not being in high enough concentration to make it economic to extract the metals; (o) the potential effects of the continued COVID-19 pandemic; (p) currently pending or new litigation or arbitration; and (q) our ability to maintain and timely receive mining, manufacturing, and other permits from regulatory agencies.

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