

Westwater Resources Announces Q2 2023 Business and Financial Updates

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Westwater Begins Equipment Installation at the Kellyton Graphite Plant

[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 second quarter results for the quarter ended June 30, 2023 and to provide business and financial updates.

Construction Progress at the Kellyton Plant

During the second quarter of 2023, Westwater continued construction activities at the Kellyton Graphite Processing Plant ("Kellyton Plant"), including the receipt of additional long-lead equipment components, completing the erection of five of six primary plant buildings, and installation of overhead cranes ahead of equipment installation. As of the date of this press release, Westwater has constructed and is currently operating its research and development laboratory ("R&D Lab"). The R&D Lab allows Westwater to continue product development and optimization under the Joint Development Agreement ("JDA") with SK On, and to perform additional quality control tests. It also affords greater flexibility to optimize future samples in accordance with customer specifications. Further, in August, Westwater began installing spheronizers and shaping mills in its shaping building.

Customer Engagement

As previously announced, Westwater entered into a JDA with SK On, a leading electric vehicle ("EV") battery manufacturer. Work under the JDA began at the end of the first quarter and continues as the parties work together to ensure that the Coated Spherical Purified Graphite ("CSPG") planned to be produced at the Kellyton Plant can be used as high-performance anode material for SK On's batteries.

SK On has provided positive feedback on recent samples produced by Westwater, and the Company plans to supply a mass production sample to SK On later this year. "We are extremely pleased with the significant progress made with SK On under the JDA, and the performance of our product samples," said Frank Bakker, Westwater's President and Chief Executive Officer. Westwater is currently negotiating a definitive sales agreement of CSPG with SK On.

Westwater continues to engage with other potential customers. On June 7, 2023, Westwater announced the execution of a letter of intent ("LOI") with Dainen Material Co., Ltd. ("Dainen") for the supply and purchase of CSPG. As is standard, the LOI is subject to customary conditions and specifications that will be included in a future definitive agreement.

Dainen offers high-performance, natural graphite anode materials to leading Japanese manufacturers of automotive lithium-ion batteries. If the parties are able to come to terms on an agreement, Westwater would supply CSPG to Dainen from the Kellyton Plant.

Coosa Graphite Deposit Update

During the second quarter, Westwater began a preliminary economic assessment ("PEA") for the Coosa Graphite Deposit. The PEA will expand on the Technical Report Summary ("TRS") that was prepared as an initial assessment in accordance with S-K 1300 and filed with the SEC on Form 8-K on December 6, 2022. The PEA will include an economic assessment based on the TRS and an initial mine plan. Westwater expects to complete and disclose the results of the PEA in the fourth quarter of 2023.

Until the Coosa Graphite Deposit comes online, Westwater believes it has secured sufficient supply of natural graphite concentrate feedstock for the Kellyton Plant pursuant to a supply contract with Syrah Resources Limited.

Construction Financing Update

Westwater continues its efforts to close a financing transaction, to fund the balance of the estimated capital requirements for the initial phase of the Kellyton Plant. "The interest in funding our project remains strong. We are engaged with multiple potential lenders and are in negotiations on deal structure and terms with a subset of those parties," said Steve Cates, Westwater's Chief Financial Officer and SVP - Finance. "While the credit markets have been tight in recent months, there are lenders wanting to invest in the energy transition. Based on our lender engagement, we believe finalizing a definitive sales agreement is a critical piece needed to secure the additional funding to complete the initial phase of the Kellyton Plant."

As of June 30, 2023, Westwater had a cash balance of \$17.3 million and spent \$107.3 million since beginning construction of the Kellyton Plant. Westwater continues to estimate the total costs of the initial phase of the Kellyton Plant to be \$271 million.

Financial Summary

(\$ in thousands, Except Share and Per Share Amounts)	Q2 2023	Q2 2022	Variance
Net Cash Used in Operations*	\$(8,920)	\$(5,911)	51%
Net Cash Used in Investing Activities*	\$(51,858)	\$(24,853)	109%
Net Cash Provided by Financing Activities*	\$2,871	\$24,509	(88%)
Product Development Expenses	\$(1,208)	\$(367)	229%
General and Administrative Expenses	\$(2,675)	\$(2,644)	1%
Net Loss	\$(3,626)	\$(3,155)	15%
Net Loss Per Share	\$(0.07)	\$(0.07)	-%
Avg. Weighted Shares Outstanding	51,120,597	47,083,720	9%

* Presented on a year-to-date basis.

- Net cash used in operations increased \$3.0 million during the first half of 2023, compared to the same period in 2022 due to an increase in other long-term assets of \$2.5 million primarily related to purchases of raw material inventory, higher product development expenses of \$1.1 million, and higher general and administrative expenses of \$0.2 million. These increases were partially offset by higher interest income of \$0.9 million earned on the Company's cash balance.
- Net cash used in investing activities increased \$27.0 million during the first half of 2023, compared to the same period of 2022. The increase in investing cash outflows is due to continued construction of the initial phase of the Kellyton Plant.
- Net cash provided by financing activities decreased \$21.6 million during the first half 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 second quarter of 2023 increased by \$0.8 million compared to the same period in 2022. The increase in Product development expenses primarily relates to additional sample production for potential customers and work being performed under the JDA with SK On. We expect to continue to incur product development expenses as customers request additional samples, and in some cases larger samples, as we work to contract our planned CSPG production from Phase I of the Kellyton Plant.
- General and administrative expenses remained essentially flat during the second quarter of 2023, compared to the same period in 2022, due primarily to Westwater holding or reducing overhead costs while seeking the additional financing needed for the construction of the initial phase of the Kellyton Plant.

- Consolidated net loss for the second quarter of 2023 increased \$0.4 million compared to second quarter of 2022. The increase in net loss was due primarily to higher product development costs during the period; partially offset by higher interest income earned on our cash balance.
- Cash and working capital as of June 30, 2023, were \$17.3 million and \$11.8 million, respectively, compared to \$75.2 million and \$51.0 million at December 31, 2022. The decrease in cash was primarily due to capital expenditures of \$51.9 million and cash used in operations of \$8.9 million; partially offset by cash provided from financing activities. The decrease in working capital was due primarily to cash spend during the first half of 2023; partially offset by lower current liabilities as of June 30, 2023, compared to December 31, 2022.

Live Conference Call

Management will host a conference call to discuss these results on August 15, 2023, at 11:00 AM Eastern time.

- 1-800-319-4610 (USA and Canada)
- 1-604-638-5340 (International)
- Conference ID: Westwater Resources Conference Call
- Webcast: westwaterresources.net/investors/presentations-events/

Conference Call Replay

- 1-855-669-9658 (USA and Canada)
- 1-412-317-0088 (International)
- Access Code: 0311

About Westwater Resources, Inc.

[Westwater Resources Inc.](https://www.westwaterresources.net) (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, the LOI and future agreements with Dainen, and the supply contract with Syrah Resources, as well as the 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 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) currently pending or new litigation or arbitration; (p) our ability to maintain and timely receive mining, manufacturing, and other permits from regulatory agencies; and (q) other factors which are more fully described in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings with the SEC.

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