

# Westwater Resources, Inc. Announces Results for First Quarter Ended March 31, 2022

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Ceremonial Ground-Breaking for the Kellyton Graphite Processing Plant

Company Completes Drilling to Measure Size and Extent of Graphite and Vanadium Concentration at the Coosa Graphite Deposit near Rockford, AL

[Westwater Resources Inc.](#) (NYSE American: WWR), an energy technology and battery-grade natural graphite development company ("Westwater" or the "Company"), today announced its first quarter results for the period ended March 31, 2022 and provided an update on its Kellyton graphite processing plant currently under construction in east-central Alabama.

"During the first quarter, construction activities continued at the Kellyton site where we began civil and earth work, hired a general contractor, built out administrative offices, hosted a groundbreaking ceremony, continued to order equipment for the plant and submitted the application for our wastewater disposal permit," said Chad Potter, President and CEO.

Mr. Potter continued, "In March 2022 the White House invoked the Defense Production Act to encourage domestic production of critical material, including graphite, for batteries in electric vehicles and clean energy storage to reduce our nation's dependency on imported graphite, most of it from China. In May 2022 the Department of Energy (DOE) issued a Funding Opportunity Announcement of \$3.1 billion to fund investments within the battery supply chain for electric vehicles and increase domestic battery manufacturing. We at Westwater are monitoring these developments closely to determine the benefit to Westwater and its shareholders."

"Given the current supply chain issues, Management has prioritized the ordering of all long-lead equipment for the plant. We have assembled a world class construction management team, and we are hyper-focused on managing the impact to our schedule and budget due to these global supply chain issues," Mr. Potter concluded.

In April 2022, the Company completed its graphite and vanadium drilling activities at its Coosa graphite deposit. The exploration program was conducted on approximately 4,000 acres of the 41,900 acres for which Westwater holds minerals rights; core samples are currently being evaluated and the Company anticipates preparation of a technical resource report by the end of this year.

On April 19, 2022, the Company held a ceremonial groundbreaking for the Kellyton graphite processing plant. Governor Kay Ivey of Alabama and other elected officials attended the Company's ceremonial groundbreaking. Alabama is home to Mercedes, Honda, Hyundai, Mazda, and Toyota, and is among the top four states in the nation in the automotive industry. Westwater's Kellyton graphite processing plant is well located to participate in the fast-growing electric vehicle sector.

Westwater's patent-pending process to be used at the Kellyton graphite processing plant is safer and more environmentally friendly than any other process used worldwide. The Company anticipates it will process graphite into Coated Spherical Purified Graphite ("CSPG"), a high-performance anode material for lithium-ion batteries. CSPG also improves electrical conductivity for battery use in smart phones, computers, and other electronic devices.

"We finished the first quarter with a cash balance of \$116.0 million and a working capital balance of \$108.6 million. Our significant working capital balance and zero debt provide us with the ability to continue to move

the construction of the Kellyton graphite processing plant forward," said Jeff Vigil, Vice President - Finance and CFO. Mr. Vigil concluded, "We have incurred \$17.8 million of costs since beginning construction of Phase I of the Kellyton graphite processing plant. With our cash balance and no debt, we believe we have the liquidity to continue advancing our investment in Phase I of the plant."

## Financial Summary

| (\$ in 000's, Except Share and Per Share Amounts) | Q1 2022    | Q1 2021    | Variance |
|---|------------|------------|----------|
| Net Cash Used in Operations                       | \$(2,701)  | \$(4,850)  | (44%)    |
| Product Development Expenses                      | \$(233)    | \$(1,823)  | (87%)    |
| General and Administrative Expenses               | \$(2,211)  | \$(2,084)  | 6%       |
| Net Loss  | \$(2,809)  | \$(5,390)  | (48%)    |
| Net Loss Per Share                                | \$(0.08)   | \$(0.19)   | (58%)    |
| Avg. Weighted Shares Outstanding                  | 36,757,352 | 28,597,938 | 29%      |

- Net cash used in operations was \$2.1 million lower for the three months ended March 31, 2022, compared to the same period in 2021. The decrease in cash used in operations was a result of reduced product development expenses and arbitration costs.
- Product development expenses for the three months ended March 31, 2022, decreased \$1.6 million compared to the same 2021 period. Product development costs for the first quarter of 2022 were related to continued product development and optimization costs; the prior-year period was impacted by the expenses related to the Definitive Feasibility Study for Phase I of the Kellyton graphite processing facility and the Company's pilot program, both of which were completed in the second half of 2021.
- General and administrative expenses for the three months ended March 31, 2022, increased by \$0.1 million from the prior-year period. The increase quarter over quarter is due primarily to higher payroll costs as the Company continues to build out its team and to invest in sales and marketing.
- Consolidated net loss for the three months ended March 31, 2022, was \$2.8 million, or \$0.08 per share, compared to a net loss of \$5.4 million, or \$0.19 per share, for the same period in 2021. The \$2.6 million reduction in net loss was due primarily to decreased product development expenses and arbitration costs.
- Cash and working capital as of March 31, 2022, was \$116.0 million consistent with our cash balance at December 31, 2021. Working capital at March 31, 2022 was \$108.6 million, which represents a decrease of \$1.7 million compared to December 31, 2021. The decrease in working capital was primarily the result of costs incurred during the quarter of \$14.5 million related to the Kellyton graphite processing plant, and operating cash expenditures of \$2.7 million; offset partially by 7.4 million shares of common stock sold for net proceeds of \$15.6 million pursuant to our Controlled Equity Offering<sup>SM</sup> Sales Agreement with Cantor Fitzgerald & Co.

## Conference Call

Management will host a conference call to discuss these results on May 11, 2022, at 11:00 AM EDT (9:00 AM Mountain).

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](http://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: 8767

#### 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 41,900 acres (~17,000 hectares) in Coosa County, Alabama. For more information, visit [www.westwaterresources.net](http://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," "projects," "anticipates," "believes," "could," "scheduled," and other similar words. Forward-looking statements include, among other things, statements concerning the construction and operation of the Company's Kellyton graphite processing facility, the Company's Coosa graphite deposit, and the costs and schedules associated with them. The Company cautions that there are certain 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, 2021, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: (a) 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; (b) the effects, extent and timing of the entry of additional competition in the markets in which we operate; (c) the ability to obtain contracts with customers; (d) available sources and transportation of graphite feedstock; (e) the ability to control costs and avoid cost and schedule overruns during the development, construction and operation of the Kellyton graphite processing facility; (f) 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; (g) government regulation of the mining and manufacturing industries in the United States; (h) unanticipated geological, processing, regulatory and legal or other problems we may encounter; (i) 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; (j) any graphite or vanadium discoveries at the Coosa graphite deposit not being in high enough concentration to make it economic to extract the metals; (k) our ability to finance growth plans; (l) the potential effects of the continued COVID-19 pandemic; (m) currently pending or new litigation or arbitration; and (n) our ability to maintain and timely receive mining, manufacturing, and other permits from regulatory agencies.

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