
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2019

Or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 001-33404

WESTWATER RESOURCES, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State of Incorporation)

75-2212772
(I.R.S. Employer Identification No.)

6950 S. Potomac Street, Suite 300, Centennial, Colorado 80112
(Address of Principal Executive Offices, Including Zip Code)

(303) 531-0516
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	WWR	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class of Common Stock	Number of Shares Outstanding
Common Stock, \$0.001 par value	1,858,211 as of August 2, 2019

**WESTWATER RESOURCES, INC.
TABLE OF CONTENTS**

PART I — FINANCIAL INFORMATION	3
ITEM 1. FINANCIAL STATEMENTS	3
ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	22
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	28
ITEM 4. CONTROLS AND PROCEDURES	28
PART II - OTHER INFORMATION	29
ITEM 1. LEGAL PROCEEDINGS	29
ITEM 1A. RISK FACTORS	29
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	29
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	29
ITEM 4. MINE SAFETY DISCLOSURES	29
ITEM 5. OTHER INFORMATION	29
ITEM 6. EXHIBITS	30
SIGNATURES	31

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WESTWATER RESOURCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(expressed in thousands of dollars, except share amounts)
(unaudited)

	Notes	June 30, 2019	December 31, 2018
ASSETS			
Current Assets:			
Cash and cash equivalents	1	\$ 1,156	\$ 1,577
Marketable securities	6	—	415
Assets held for sale	4,5	1,767	1,545
Prepaid and other current assets		479	643
Total Current Assets		<u>3,402</u>	<u>4,180</u>
Property, plant and equipment, at cost:			
Property, plant and equipment		91,771	91,772
Less accumulated depreciation, depletion and impairment		(71,266)	(71,219)
Net property, plant and equipment	7	20,505	20,553
Operating lease right-of-use assets	14	541	—
Restricted cash	1,6	3,768	3,732
Assets held for sale — non-current	4	—	1,493
Total Assets		<u>\$ 28,216</u>	<u>\$ 29,958</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable		\$ 1,813	\$ 776
Accrued liabilities	5	3,230	1,688
Asset retirement obligations - current	9	881	708
Operating lease liability - current	14	151	—
Total Current Liabilities		<u>6,075</u>	<u>3,172</u>
Asset retirement obligations, net of current portion	9	5,145	5,495
Other long-term liabilities and deferred credits		500	500
Operating lease liability, net of current	14	396	—
Total Liabilities		<u>12,116</u>	<u>9,167</u>
Commitments and Contingencies	13		
Stockholders' Equity:			
Common stock, 100,000,000 shares authorized, \$.001 par value;			
Issued shares — 1,658,371 and 1,436,555, respectively			
Outstanding shares — 1,658,211 and 1,436,394, respectively	10	2	1
Paid-in capital	10,11	314,179	313,012
Accumulated other comprehensive loss		—	(90)
Accumulated deficit		(297,823)	(291,874)
Treasury stock (161 and 161 shares, respectively), at cost		(258)	(258)
Total Stockholders' Equity		<u>16,100</u>	<u>20,791</u>
Total Liabilities and Stockholders' Equity		<u>\$ 28,216</u>	<u>\$ 29,958</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTWATER RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(expressed in thousands of dollars, except share and per share amounts)
(unaudited)

	Notes	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2019	2018	2019	2018
Operating Expenses:					
Mineral property expenses	8	\$ (824)	\$ (969)	\$ (1,458)	\$ (1,751)
General and administrative expenses		(2,054)	(2,054)	(3,890)	(3,859)
Acquisition costs	3	—	422	—	(333)
Accretion of asset retirement obligations	9	(30)	(134)	(156)	(268)
Depreciation and amortization		(25)	(33)	(48)	(67)
Impairment of uranium properties	7	—	(17,968)	—	(17,968)
Total operating expenses		<u>(2,933)</u>	<u>(20,736)</u>	<u>(5,552)</u>	<u>(24,246)</u>
Non-Operating Income/(Expenses):					
Loss on sale of marketable securities	4,6	—	—	(720)	(93)
Gain on sale of fixed assets		1	8	1	8
Interest income	4	168	172	334	346
Other income (expense)		(11)	99	(12)	109
Total other (expense)/income		<u>158</u>	<u>279</u>	<u>(397)</u>	<u>370</u>
Net Loss		<u>\$ (2,775)</u>	<u>\$ (20,457)</u>	<u>\$ (5,949)</u>	<u>\$ (23,876)</u>
Other Comprehensive Income (Loss)					
Unrealized fair value increase (decrease) on marketable securities		\$ —	\$ (26)	\$ —	\$ (1,056)
Transfer to realized loss upon sale of available-for-sale securities		—	—	90	93
Comprehensive Loss		<u>\$ (2,775)</u>	<u>\$ (20,483)</u>	<u>\$ (5,859)</u>	<u>\$ (24,839)</u>
BASIC AND DILUTED LOSS PER SHARE		\$ (1.81)	\$ (25.63)	\$ (3.95)	\$ (35.14)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		1,532,802	798,200	1,505,668	679,438

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTWATER RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS AND SUPPLEMENTAL CASH FLOW
INFORMATION
(expressed in thousands of dollars)
(unaudited)

	Notes	Six Months Ended June 30,	
		2019	2018
Operating Activities:			
Net loss		\$ (5,949)	\$ (23,876)
Reconciliation of net loss to cash used in operations:			
Non-cash lease expense		7	—
Accretion of asset retirement obligations	9	156	268
Amortization of notes receivable discount	4	(299)	(337)
Loss on sale of marketable securities		720	93
Costs incurred for restoration and reclamation activities	9	(333)	(355)
Depreciation and amortization		48	67
Stock compensation expense		15	162
Common stock issued for purchase of lithium mineral interests		—	114
Common stock issued for consulting services		—	95
Other income		—	5
Impairment of uranium properties		—	17,968
Effect of changes in operating working capital items:			
Decrease in prepaids and other		234	196
Increase (decrease) in payables and deferred credits		1,077	(490)
Net Cash Used In Operating Activities		(4,324)	(6,090)
Cash Flows From Investing Activities:			
Deposit for sale of assets	5	1,500	—
Proceeds from the sale of marketable securities, net	4	536	476
Proceeds from disposal of property, plant and equipment		—	8
Proceeds from note receivable	4	750	1,089
Note advances for Alabama Graphite corporate merger	3	—	(1,547)
Net Cash Provided By Investing Activities		2,786	26
Cash Flows From Financing Activities:			
Issuance of common stock, net	10	1,154	4,730
Payment of minimum withholding taxes on net share settlements of equity awards		(1)	(5)
Net Cash Provided By Financing Activities		1,153	4,725
Net decrease in cash, cash equivalents and restricted cash		(385)	(1,339)
Cash, cash equivalents and restricted cash, beginning of period		5,309	7,722
Cash, Cash Equivalents and Restricted Cash, End of Period		\$ 4,924	\$ 6,383
Cash paid during the period for:			
Interest		\$ 1	\$ 3
Supplemental Non-Cash Information for Investing and Financing Activities:			
Securities received for payment of notes receivable - Laramide		\$ 750	\$ 750
Common stock issued for acquisition of Alabama Graphite		—	6,394
Stock options and warrants issued for acquisition of Alabama Graphite		—	89
Common stock issued for consulting services		—	95
Common stock issued for purchase of lithium mineral interests		—	114
Total Non-Cash Investing and Financing Activities for the Period		\$ 750	\$ 7,442

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTWATER RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(expressed in thousands of dollars, except share amounts)
(unaudited)

Six months ended June 30, 2019	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount					
Balances, January 1, 2019	1,436,555	\$ 1	\$ 313,012	\$ (90)	\$ (291,874)	\$ (258)	\$ 20,791
Net loss	—	—	—	—	(5,949)	—	(5,949)
Common stock and common stock purchase warrants issued, net of issuance costs	221,263	1	1,153	—	—	—	1,154
Stock compensation expense and related share issuances, net of shares withheld for payment of taxes	393	—	15	—	—	—	15
Minimum withholding taxes on net share settlements of equity awards	—	—	(1)	—	—	—	(1)
Unrealized holding loss on marketable securities	—	—	—	—	—	—	—
Transfer to realized loss upon sale of available for sale securities	—	—	—	90	—	—	90
Balances, June 30, 2019	1,658,211	\$ 2	\$ 314,179	\$ 0	\$ (297,823)	\$ (258)	\$ 16,100

Three months ended June 30, 2019	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount					
Balances, March 31, 2019	1,494,153	\$ 1	\$ 313,435	\$ 0	\$ (295,048)	\$ (258)	\$ 18,130
Net loss	—	—	—	—	(2,775)	—	(2,775)
Common stock and common stock purchase warrants issued, net of issuance costs	164,058	1	738	—	—	—	739
Stock compensation expense and related share issuances, net of shares withheld for payment of taxes	—	—	7	—	—	—	7
Minimum withholding taxes on net share settlements of equity awards	—	—	(1)	—	—	—	(1)
Unrealized holding loss on marketable securities	—	—	—	—	—	—	—
Transfer to realized loss upon sale of available for sale securities	—	—	—	—	—	—	—
Balances, June 30, 2019	1,658,211	\$ 2	\$ 314,179	\$ 0	\$ (297,823)	\$ (258)	\$ 16,100

The accompanying notes are an integral part of these condensed consolidated financial statements.

WESTWATER RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(expressed in thousands of dollars, except share amounts)
(unaudited)

Six months ended June 30, 2018	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount					
Balances, January 1, 2018	555,806	\$ —	\$ 297,278	\$ 287	\$ (256,190)	\$ (258)	\$ 41,117
Net loss	—	—	—	—	(23,876)	—	(23,876)
Common stock and common stock purchase warrants issued, net of issuance costs	387,194	1	11,422	—	—	—	11,423
Stock compensation expense and related share issuances, net of shares withheld for payment of taxes	419	—	162	—	—	—	162
Minimum withholding taxes on net share settlements of equity awards	—	—	(5)	—	—	—	(5)
Unrealized holding loss on marketable securities	—	—	—	(1,056)	—	—	(1,056)
Transfer to realized loss upon sale of available for sale securities	—	—	—	93	—	—	93
Balances, June 30, 2018	943,419	\$ 1	\$ 308,857	\$ (676)	\$ (280,066)	\$ (258)	\$ 27,858

Three months ended June 30, 2018	Common Stock		Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount					
Balances, March 31, 2018	576,628	\$ —	\$ 298,010	\$ (650)	\$ (259,609)	\$ (258)	\$ 37,493
Net loss	—	—	—	—	(20,457)	—	(20,457)
Common stock and common stock purchase warrants issued, net of issuance costs	366,392	1	10,770	—	—	—	10,771
Stock compensation expense and related share issuances, net of shares withheld for payment of taxes	399	—	82	—	—	—	82
Minimum withholding taxes on net share settlements of equity awards	—	—	(5)	—	—	—	(5)
Unrealized holding loss on marketable securities	—	—	—	(119)	—	—	(119)
Transfer to realized loss upon sale of available for sale securities	—	—	—	93	—	—	93
Balances, June 30, 2018	943,419	\$ 1	\$ 308,857	\$ (676)	\$ (280,066)	\$ (258)	\$ 27,858

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements for Westwater Resources, Inc. (the “Company,” “we,” “us,” “WWR” or “Westwater”), formerly known as Uranium Resources, Inc., have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The accompanying statements should be read in conjunction with the audited financial statements included in Westwater Resources, Inc.’s 2018 Annual Report on Form 10-K. In the opinion of management, all adjustments (which are of a normal, recurring nature) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for any other period including the full year ending December 31, 2019.

Significant Accounting Policies

Our significant accounting policies are detailed in Note 1, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements within our Annual Report on Form 10-K for the year ended December 31, 2018. Refer to Note 14 for revisions made to our lease accounting policies resulting from our adoption of the new lease accounting standard effective January 1, 2019.

Reverse Stock Split

Immediately following the close of trading on April 22, 2019, the Company effected a one-for-fifty reverse stock split of its common stock. With the reverse stock split, every fifty shares of the Company’s issued and outstanding common stock were combined into one issued and outstanding share of common stock. The reverse stock split reduced the number of shares outstanding from approximately 74.7 million shares to approximately 1.5 million shares. The reverse stock split did not have any effect on the par value of the Company’s common stock. No fractional shares were issued as a result of the reverse stock split. Any fractional shares that would have resulted were settled in cash. All share data herein has been retroactively adjusted for the reverse stock split.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, “*Leases (Topic 842)*,” which supersedes existing guidance for lease accounting. This new standard requires lessees to recognize leases on their balance sheets, and leaves lessor accounting largely unchanged. The new standard requires a dual approach for lessee accounting under which a lessee accounts for leases as finance leases or operating leases with the recognition of a right-of-use asset and a corresponding lease liability. For finance leases, the lessee recognizes interest expense and amortization of the right-of-use asset, and for operating leases, the lessee recognizes straight-line lease expense. The new lease accounting standard along with the clarifying amendments subsequently issued by the FASB, collectively became effective for the Company on January 1, 2019. The Company adopted the new lease accounting standard by applying the new lease guidance at the adoption date on January 1, 2019, and as allowed under the standard, used the modified retrospective method and elected not to restate comparative periods. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard. We did not elect the hindsight practical expedient to determine the lease term for existing leases. As of January 1, 2019, in connection with the adoption of the new lease accounting standard, the Company recorded a right-of-use lease asset totaling \$0.4 million with a corresponding lease liability totaling \$0.4 million. Refer to Note 14 for further details on our adoption of the new lease accounting standard.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, “Measurement of Credit Losses on Financial Instruments”. ASU 2016-13 will change how companies account for credit losses for most financial assets and certain other instruments. For trade receivables, loans and held-to-maturity debt securities, companies will be required to estimate lifetime expected credit losses and recognize an allowance against the related instruments. For available for sale debt securities, companies will be required to recognize an allowance for credit losses rather than reducing the carrying value of the asset. The adoption of this update, if applicable, will result in earlier recognition of losses and impairments.

In November 2018, the FASB issued ASU 2018-19, “Codification Improvements to ASC 326, Financial Instruments — Credit Losses.” ASU 2016-13 introduced an expected credit loss methodology for the impairment of financial assets measured at amortized cost basis. That methodology replaces the probable, incurred loss model for those assets. ASU 2018-19 is the final version of Proposed Accounting Standards Update 2018-270, which has been deleted. Additionally, the amendments clarify that receivables

[Table of Contents](#)

arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with ASC 842, Leases.

These updates are effective for fiscal years beginning after December 15, 2019, and the Company is currently evaluating ASU 2016-13 and 2018-19 and the potential impact of adopting this guidance on its financial reporting.

In August 2018, the FASB issued ASU 2018- 13, “Fair Value Measurement (ASC 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement”. This update modifies the disclosure requirements for fair value measurements by removing, modifying or adding disclosures. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. Certain disclosures in the update are applied retrospectively, while others are applied prospectively. The Company is currently evaluating the potential impact of adopting this guidance on its financial statements.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash as reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

(thousands of dollars)	As of June 30,	
	2019	2018
Cash and cash equivalents	\$ 1,156	\$ 2,715
Restricted cash - pledged deposits for performance bonds	3,768	3,668
Cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 4,924</u>	<u>\$ 6,383</u>

Funds deposited by the Company for collateralization of performance obligations are not available for the payment of general corporate obligations and are not included in cash equivalents. Restricted cash consists of money market accounts. The bonds are collateralized performance bonds required for future restoration and reclamation obligations related to the Company’s South Texas production properties.

Notes Receivable

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Management monitors these assets for credit quality and recoverability on a quarterly basis, including the value of any collateral. If the value of the collateral, less selling or recovery costs, exceeds the recorded investment in the asset, no impairment costs would be recorded.

2. LIQUIDITY AND GOING CONCERN

The interim Condensed Consolidated Financial Statements of the Company have been prepared on a “going concern” basis, which means that the continuation of the Company is presumed even though events and conditions exist that, when considered in the aggregate, raise substantial doubt about the Company’s ability to continue as a going concern because it is possible that the Company will be required to adversely change its current business plan or may be unable to meet its obligations as they become due within one year after the date that these financial statements were issued.

The Company last recorded revenues from operations in 2009 and expects to continue to incur losses as a result of costs and expenses related to maintaining its properties and general and administrative expenses. Since 2009, the Company has relied on equity financings, debt financings and asset sales to fund its operations and the Company expects to rely on these forms of financing to fund its operations into the near future. The Company will also continue to identify ways to reduce its cash expenditures.

The Company’s current business plan requires working capital to fund non-discretionary expenditures for uranium reclamation activities, mineral property holding costs, business development costs and administrative costs. The Company intends to pursue project financing to support execution of the graphite business plan, including discretionary capital expenditures associated with graphite battery-material product development, construction of pilot plant facilities and construction of commercial production facilities. The Company’s current lithium business plan will be funded by working capital; however, the Company is pursuing project financing including possible joint venture partners to fund discretionary greenfield exploration activities.

At June 30, 2019 the Company’s cash balances were \$1.2 million and the Company had a working capital deficit balance of \$2.7 million. Subsequent to August 7, 2019, the Company expects to fund operations as follows:

[Table of Contents](#)

- Payment due August 30, 2019 or earlier in the amount of \$1.25 million from sale of uranium royalty interests and the Laramide Resources Ltd. promissory note (Note 4) to Uranium Royalty Corp. (Note 5).
- The Stock Purchase Agreement with Lincoln Park Capital, LLC. whereby the Company may place up to \$10.0 million in the aggregate of the Company's common stock on an ongoing basis when required by the Company over a term of 24-months ending in June 2021.
- The Controlled Equity Offering Sales Agreement with Cantor Fitzgerald & Co. which currently has \$23.8 million remaining sales capacity, subject to the registration of shares on Form S-3. The Company is currently ineligible to register additional shares on Form S-3 pursuant to the SEC's shelf registration rules.
- Other debt and equity financings and asset sales.

While the Company has been successful in the past in raising funds through equity and debt financings as well as through the sale of non-core assets, no assurance can be given that additional financing will be available to it in amounts sufficient to meet its needs, or on terms acceptable to the Company. In the event that we are unable to raise sufficient additional funds, we may be required to delay, reduce or severely curtail our operations or otherwise impede our on-going business efforts, which could have a material adverse effect on our business, operating results, financial condition, long-term prospects and ability to continue as a viable business. Considering all of the factors above, the Company believes there is substantial doubt regarding its ability to continue as a going concern.

3. ACQUISITIONS

Acquisition of Alabama Graphite

On April 23, 2018, the Company completed its acquisition of 100% of the outstanding securities of Alabama Graphite Corp. ("Alabama Graphite") for total consideration of \$8.9 million. Alabama Graphite is a Canadian entity that indirectly holds a 100% interest in the Coosa graphite project and Coosa mineral properties located in Alabama. The consideration was comprised of \$2.4 million in cash used to fund Alabama Graphite's operating activities prior to completion of the Alabama Graphite transaction and certain related transaction costs, \$6.4 million in common stock of the Company and \$89,000 for warrants and options in the Company. Each Alabama Graphite ordinary share was exchanged for 0.0016 common share of WWR. Each warrant and option of Alabama Graphite was also exchanged for warrants and options exercisable for common shares of WWR on the same terms and conditions as were applicable prior to the Alabama Graphite transaction, except that the exercise price was converted for the 0.0016 share exchange ratio and for the USD exchange rate on the agreement date which was \$0.77809 (CAD to USD) on December 13, 2017. As a result, the Company issued 232,504 new shares, 7,280 options and 42,888 warrants. The value of the Company's common stock issued as consideration was based upon the opening share price on April 23, 2018 of \$27.50. The operating results of Alabama Graphite are included in the Consolidated Statement of Operations commencing April 23, 2018.

The Alabama Graphite loan from WWR was \$1.8 million on April 23, 2018 and was incorporated into the final acquisition accounting and therefore was eliminated as of June 30, 2018. Acquisition related costs were \$1.9 million as of June 30, 2018, of which, \$0.6 million was capitalized as additional cash consideration at the acquisition date for certain transaction costs that were directly related to the asset acquisition.

The acquisition of Alabama Graphite was accounted for as an asset acquisition in accordance with ASC 360 as "substantially all" of the purchase consideration was concentrated in a single identifiable asset for graphite mineral interests. WWR controls the Board of Directors and senior management positions of Alabama Graphite and has overall control over the day-to-day activities of the acquired entity.

The following summarizes the preliminary allocation of purchase price to the fair value of assets acquired and liabilities assumed as of the acquisition date (in thousands):

Consideration:	
Cash	\$ 2,397
Issuance of 232,504 common shares for replacement of Alabama Graphite shares	6,394
Issuance of 7,280 options for replacement of Alabama Graphite options	35
Issuance of 42,888 warrants for replacement of Alabama Graphite warrants	54
	<u>\$ 8,880</u>

[Table of Contents](#)

The fair value of the consideration given was allocated as follows:

Assets:	
Cash and cash equivalents	\$ 17
Short-term receivables	113
Prepaid expenses	42
Property, plant, equipment and graphite mineral interests	8,973
Total assets	<u>9,145</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>265</u>
Total liabilities	<u>265</u>
Net assets	<u>\$ 8,880</u>

The carrying value of the current assets acquired and liabilities assumed approximated the fair value due to the short-term nature of these items. The fair value of the graphite mineral interests was estimated using a discounted cash flow approach and market comparables. Key assumptions used in the discounted cash flow analysis include discount rates, mineral resources, future timing of production, recovery rates and future capital and operating costs.

4. NOTES RECEIVABLE

Laramide Note Receivable

As part of the consideration for the sale of Hydro Resources, Inc. (HRI), the Company currently holds a promissory note with a current balance of \$2.0 million, secured by a mortgage over the Churchrock and Crownpoint properties owned by Laramide Resources Ltd. (“Laramide”). The note is in the final year of a three-year term and carries an initial interest rate of 5%. The final principal payment of \$2.0 million is due and payable on January 5, 2020. Interest is payable on a quarterly basis during the final year. Laramide will have the right to satisfy up to half of the final principal payment by delivering shares of its common stock to the Company, which shares will be valued by reference to the volume weighted average price (“VWAP”) for Laramide’s common stock for the 20 trading days before January 5, 2020. The fair value of this note receivable was determined using the present value of the future cash receipts discounted at a market rate of 9.5%.

As of June 30, 2019, the Company has received three tranches of Laramide common shares as partial consideration for the sale of HRI, which has resulted in the receipt of 2,218,133, 1,982,483 and 2,483,034 Laramide common shares in January 2017, January 2018 and January 2019, respectively. These share payments represent the initial consideration from the January 2017 sale of HRI and two note installments in January 2018 and January 2019. The first note installment in the amount of \$1.5 million in January 2018, consisted of \$750,000 in cash and the issuance of 1,982,483 of Laramide’s common shares. The second note installment in the amount of \$1.5 million in January 2019, consisted of \$750,000 in cash and the issuance of 2,483,034 of Laramide’s common shares. Additionally, Laramide has made interest payments of \$70,764 in cash during the six months ending June 30, 2019 and Laramide made an interest payment for Q2 2019 in the amount of \$25,258 on July 18, 2019.

For the six months ended June 30, 2019, the Company sold the third tranche of 2,483,034 Laramide common shares and 2,218,133 Laramide warrants resulting in net proceeds of \$0.5 million and a net loss on sale of marketable securities of \$0.7 million.

The following tables show the notes receivable, accrued interest and unamortized discount on the Company’s notes receivable as of June 30, 2019 and December 31, 2018.

(thousands of dollars)	June 30, 2019			
	Note Amount	Plus Accrued Interest	Less Unamortized Note Discount	Note Balance per Balance Sheet
Current Assets				
Notes receivable Laramide — current	\$ 2,000	\$ 26	\$ (259)	\$ 1,767
Total Notes Receivable — current and non-current	<u>\$ 2,000</u>	<u>\$ 26</u>	<u>\$ (259)</u>	<u>\$ 1,767</u>

[Table of Contents](#)

(thousands of dollars)	December 31, 2018			
	Note Amount	Plus Accrued Interest	Less Unamortized Note Discount	Note Balance per Balance Sheet
Current Assets				
Notes receivable Laramide — current	\$ 1,500	\$ 45	\$ —	\$ 1,545
Non-current Assets				
Notes receivable — Laramide — non-current	2,000	—	(507)	1,493
Total Notes Receivable — current and non-current	\$ 3,500	\$ 45	\$ (507)	\$ 3,038

5. ASSETS HELD FOR SALE

On March 5, 2019, the Company entered into an Asset Purchase Agreement with Uranium Royalty (USA) Corp. and Uranium Royalty Corp. (together “URC”) for the sale of four of its royalty interests on future uranium production from mineral properties located in South Dakota, Wyoming and New Mexico, as well as the remaining amount of the Laramide promissory note in the amount of \$2.0 million as discussed above, for \$2.75 million, including \$0.5 million paid at signing. On June 28, 2019, Westwater and URC entered into an Amendment to the Agreement (collectively referred to as the “Agreement”). The Amendment extended the date for closing from July 31, 2019 to August 30, 2019. In addition, URC delivered an additional \$1.0 million as deposit to the Company upon signing the Amendment, increasing the total deposit to \$1.5 million, which will be credited against the purchase price at the closing of the transaction. The transaction will close following satisfaction or waiver of the closing conditions, which conditions include, among other things, the execution of various assignment agreements. Under the terms of the Agreement, the Company is set to transfer ownership of the royalties and promissory note at the closing date in exchange for the final payment of \$1.25 million.

The Agreement contains certain termination rights and remedies for both URC and the Company. 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. In the event that there is a material uncured inaccuracy in any representation or warranty or a material breach of any covenant of the Company, URC has the right to terminate the Agreement and seek a return of the deposit or to seek specific performance of the Agreement. In the event that there is a material uncured inaccuracy in any representation or warranty or a material breach of any covenant of URC, the Company has the right to terminate the Agreement or to seek specific performance of the Agreement. The Agreement will terminate automatically if the closing thereunder has not occurred on or before August 30, 2019, unless otherwise agreed by the parties.

As a result of execution of the Agreement, the Laramide promissory note has been re-classified as held for sale and is recorded at its carrying value of \$1.8 million in the June 30, 2019 financials since the carrying value does not exceed its fair value. The \$1.5 million cash deposit received from URC could be forfeited in the event that the Agreement is terminated due to the Company’s breach of certain terms of the Agreement. Accordingly, the Company has recorded the deposit as a liability on the balance sheet and will only recognize income when all conditions of the Agreement have been met and closing is complete. The royalty interests being purchased by URC have no carrying value and accordingly, no subsequent adjustments have been made.

6. FINANCIAL INSTRUMENTS

Applicable accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair-value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date.
- Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

[Table of Contents](#)

- Level 3 includes unobservable inputs that reflect management’s assumptions about what factors market participants would use in pricing the asset or liability. These inputs are developed based on the best information available, including internal data.

The Company believes that the fair value of its assets and liabilities approximate their reported carrying amounts. The following table presents information about assets that were recorded at fair value on a recurring and non-recurring basis as of June 30, 2019 and December 31, 2018 and indicate the fair value hierarchy.

(thousands of dollars)	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Non-current Assets				
Restricted cash	\$ 3,768	\$ —	\$ —	\$ 3,768
Total non-current assets recorded at fair value	\$ 3,768	\$ —	\$ —	\$ 3,768
December 31, 2018				
(thousands of dollars)	Level 1	Level 2	Level 3	Total
Current Assets				
Short-term available-for-sale investments	\$ 415	\$ —	\$ —	\$ 415
Total current assets recorded at fair value	\$ 415	\$ —	\$ —	\$ 415
Non-current Assets				
Restricted cash	\$ 3,732	\$ —	\$ —	\$ 3,732
Total non-current assets recorded at fair value	\$ 3,732	\$ —	\$ —	\$ 3,732

Assets that are measured on a recurring basis include the Company’s marketable securities and restricted cash.

7. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	Net Book Value of Property, Plant and Equipment at June 30, 2019					
	Turkey	Texas	Alabama	New Mexico	Corporate	Total
Uranium plant	\$ —	\$ 3,142	\$ —	\$ —	\$ —	\$ 3,142
Mineral rights and properties	—	—	8,972	7,806	—	16,778
Other property, plant and equipment	7	440	—	—	138	585
Total	\$ 7	\$ 3,582	\$ 8,972	\$ 7,806	\$ 138	\$ 20,505
Net Book Value of Property, Plant and Equipment at December 31, 2018						
(thousands of dollars)	Turkey	Texas	Alabama	New Mexico	Corporate	Total
Uranium plant	\$ —	\$ 3,256	\$ —	\$ —	\$ —	\$ 3,256
Mineral rights and properties	—	—	8,973	7,806	—	16,779
Other property, plant and equipment	8	348	—	—	162	518
Total	\$ 8	\$ 3,604	\$ 8,973	\$ 7,806	\$ 162	\$ 20,553

Impairment of Temrezli and Sefaatlı Projects

On June 20, 2018, the General Directorate of Mining Affairs, a department of the Turkish Ministry of Energy and Natural Resources, notified the Company that the mining and exploration licenses for its Temrezli and Sefaatlı projects located in Turkey had been revoked and potential compensation will be proffered. While the Company is investigating the legality of this action and what remedies, including compensation, might be available to the Company, the Company has determined that it is more likely than not that the Company will be unable to explore, develop, mine or otherwise benefit from the mineral properties. Therefore, the Company has determined that all of the uranium mineral holding property assets located in Turkey were fully impaired. The Company will recognize compensation for the mining and exploration licenses when the amount of the full and fair compensation is fixed and determinable and the ability to collect is probable.

The Company reviews and evaluates its long-lived assets for impairment on an annual basis or more frequently when events

[Table of Contents](#)

or changes in circumstances indicate that the related carrying amounts may not be recoverable.

8. MINERAL PROPERTY EXPENDITURES

Mineral property expenditures by geographical location for the three and six months ended June 30, 2019 and 2018 are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
	(thousands of dollars)			
Temrezli project, Turkey	\$ —	\$ 17	\$ 1	\$ 96
Total Turkey projects	—	17	1	96
Kingsville Dome project, Texas	145	172	389	423
Rosita project, Texas	100	158	217	355
Vasquez project, Texas	126	97	312	331
Other projects, Texas	(9)	(6)	(9)	1
Total Texas projects	362	421	909	1,110
Cebolleta project, New Mexico	440	389	440	389
Juan Tafoya project, New Mexico	3	3	9	9
Total New Mexico projects	443	392	449	398
Columbus Basin project, Nevada	1	120	1	122
Railroad Valley project, Nevada	—	12	—	16
Total Nevada projects	1	132	1	138
Sal Rica project, Utah	1	(2)	1	—
Total Utah projects	1	(2)	1	—
Coosa project, Alabama	11	9	91	9
Bama project, Alabama	6	—	6	—
Total Alabama Projects	17	9	97	9
Total expense for the period	\$ 824	\$ 969	\$ 1,458	\$ 1,751

9. ASSET RETIREMENT OBLIGATIONS

The following table summarizes the changes in the reserve for future restoration and reclamation costs on the balance sheet:

(thousands of dollars)	June 30, 2019	December 31, 2018
Balance, beginning of period	\$ 6,203	\$ 5,731
Liabilities settled	(320)	(521)
Liabilities disposed	(13)	—
Accretion expense	156	993
Balance, end of period	6,026	6,203
Less: Current portion	(881)	(708)
Non-current portion	\$ 5,145	\$ 5,495

The Company is currently performing plugging and surface reclamation activities at its Rosita and Vasquez projects located in Duval County, Texas. The Company's current liability of \$0.9 million consists of the estimated costs associated with current reclamation activities through March 2020 at the Company's Rosita and Vasquez projects.

10. COMMON STOCK

Reverse Stock Split

Immediately following the close of trading on April 22, 2019, the Company effected a one-for-fifty reverse stock split of its common stock. With the reverse stock split, every fifty shares of the Company's issued and outstanding common stock were combined into one issued and outstanding share of common stock. The reverse stock split reduced the number of shares outstanding from approximately 74.7 million shares to approximately 1.5 million shares. The reverse stock split did not have any effect on the par value of the Company's common stock. No fractional shares were issued as a result of the reverse stock split. Any fractional shares that would have resulted were settled in cash. All share data herein has been retroactively adjusted for the reverse stock split.

Common Stock Issued, Net of Issuance Costs

Stock Purchase Agreement with Lincoln Park Capital Fund, LLC. ("Lincoln Park")

On May 24, 2019, Westwater entered into a securities purchase agreement, as amended by Amendment No. 1 thereto dated as of May 30, 2019 (as so amended, the "Purchase Agreement"), with Lincoln Park, pursuant to which the Company agreed to issue and sell to Lincoln Park, and Lincoln Park agreed to purchase from the Company (i) 104,294 shares of the Company's Common Stock, par value \$0.001 per share (collectively, the "Common Shares") and (ii) warrants (the "Warrants") to initially purchase an aggregate of up to 182,515 shares of Common Stock (the "Warrant Shares"), at an exercise price of \$5.062 per share, for an aggregate of \$550,751. On May 30, 2019 (the "Closing Date"), the Company issued and sold the Common Shares and the Warrants to Lincoln Park and received aggregate gross proceeds before expenses of \$550,751. The Warrants will become exercisable upon the six-month anniversary of the Closing Date and thereafter at any time during the five-year period following such date.

Purchase Agreement ("PA") with Lincoln Park

On June 6, 2019, the Company entered into the PA with Lincoln Park to place up to \$10.0 million in the aggregate of the Company's common stock on an ongoing basis when required by the Company over a term of 24 months. Westwater will control the timing and amount of any sales to Lincoln Park, and Lincoln Park is obligated to make purchases in accordance with the PA. Any common stock that is sold to Lincoln Park will occur at a purchase price that is based on an agreed upon fixed discount to the Company's prevailing market prices at the time of each sale and with no upper limits to the price Lincoln Park may pay to purchase common stock. The agreement may be terminated by Westwater at any time, in its sole discretion, without any additional cost or penalty.

The PA specifically provides that the Company may not issue or sell any shares of its common stock under the PA if such issuance or sale would breach any applicable rules of The Nasdaq Capital Market. In particular, Nasdaq Listing Rule 5635 (d) provides that the Company may not issue or sell more than 19.99% of the shares of the Company's common stock outstanding immediately prior to the execution of the PA without shareholder approval. On August 6, 2019 the Company conducted a Special Meeting of Shareholders whereby the Company received such approval.

Lincoln Park has no right to require the Company to sell any shares of common stock to Lincoln Park, but Lincoln Park is obligated to make purchases as the Company directs, subject to certain conditions. In all instances, the Company may not sell shares of its common stock to Lincoln Park under the PA if it would result in Lincoln Park beneficially owning more than 9.99% of its common stock. There are no upper limits on the price per share that Lincoln Park must pay for shares of common stock.

Following effectiveness of an S-1 registration statement relating to the resale of the shares subject to the PA on June 18, 2019, the Company began selling shares of its common stock to Lincoln Park under the terms of the PA. During the quarter ended June 30, 2019, the Company sold 60,000 shares of common stock for gross proceeds of \$0.3 million.

[Table of Contents](#)

Controlled Equity Offering Sales Agreement with Cantor Fitzgerald (“Cantor”)

On April 14, 2017, the Company entered into the at-the-market offering (the “ATM Offering”) with Cantor acting as sales agent. Under the ATM Offering, the Company may from time to time sell shares of its common stock having an aggregate offering amount up to \$30.0 million in “at-the-market” offerings, \$8.0 million of which shares were registered for sale under a registration statement on Form S-3, which was declared effective on March 9, 2017. The Company pays Cantor a commission of up to 2.5% of the gross proceeds from the sale of any shares pursuant to the ATM Offering. As of June 30, 2019, the Company had sold 488,685 shares of common stock for net proceeds of \$6.1 million under the ATM Offering, of which, 57,205 shares of common stock and net proceeds of \$0.4 million was sold in the six months ended June 30, 2019. As a result, the Company had approximately \$23.8 million remaining available for future sales under the ATM Offering, but has nil registered for sale as of June 30, 2019.

Common Stock Issued for Acquisition of Alabama Graphite

As discussed in Note 3 above, on April 23, 2018, the Company issued 232,504 shares of common stock in exchange for 100% of the outstanding shares of Alabama Graphite as part of the purchase consideration paid to acquire Alabama Graphite.

11. STOCK-BASED COMPENSATION

Stock-based compensation awards consist of stock options, restricted stock units and bonus shares issued under the Company’s equity incentive plans which include: the 2013 Omnibus Incentive Plan (the “2013 Plan”) and the Amended and Restated 2004 Directors’ Stock Option and Restricted Stock Plan (the “2004 Directors’ Plan”). Upon approval of the 2013 Plan by the Company’s stockholders on June 4, 2013, the Company’s authority to grant new awards under all plans other than the 2013 Plan was terminated. On July 18, 2017 and April 18, 2019, the Company’s stockholders approved amendments to the 2013 Plan to increase the authorized number of shares of common stock available and reserved for issuance under the 2013 Plan by 20,000 shares and 66,000 shares respectively and in 2017 re-approve the material terms of the performance goals under the plan. Under the 2013 Plan, the Company may grant awards of stock options, stock appreciation rights, restricted stock awards (“RSAs”), restricted stock units (“RSUs”), unrestricted stock, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards and cash bonus awards to eligible persons. The maximum number of the Company’s common stock that may be reserved for issuance under the 2013 Plan is currently 66,278 shares of common stock, plus unissued shares under the prior plans. Equity awards under the 2013 Plan are granted from time to time at the discretion of the Compensation Committee of the Board (the “Committee”), with vesting periods and other terms as determined by the Committee with a maximum term of 10 years. The 2013 Plan is administered by the Committee, which can delegate the administration to the Board, other Committees or to such other officers and employees of the Company as designated by the Committee and permitted by the 2013 Plan.

As of April 18, 2019, 66,278 shares were available for future issuances under the 2013 Plan. For the six months ending June 30, 2019 and 2018, the Company recorded stock-based compensation expense of \$15,424 and \$162,222, respectively. Stock compensation expense is recorded in general and administrative expenses.

In addition to the plans above, upon closing of the Company’s acquisition of Anatolia Energy Limited in November 2015, the Company issued 7,495 replacement options and performance shares to the option holders and performance shareholders of Anatolia Energy Limited. The number of replacement options and performance shares was based upon the Black-Scholes value with the exercise prices of the replacement options and performance shares determined using the exchange rate of 0.0001096. The options and performance shares were issued with the same terms and conditions as were applicable prior to the acquisition of Anatolia Energy Limited. As of June 30, 2019, there were 113 replacement options outstanding and no performance shares outstanding.

In addition to the plans above, upon closing of the Company’s acquisition of Alabama Graphite in April 2018, the Company issued 50,168 replacement options and warrants to the option and warrant holders of Alabama Graphite. The number of replacement options and warrants shares was determined using the arrangement exchange rate of 0.0016. The exercise prices for the option and warrant shares were first converted for the exchange rate of 0.0016 and then converted to USD using the exchange rate on December 13, 2017 of 0.77809 (CAD to USD). The options and warrant shares were issued with the same terms and conditions as were applicable prior to the acquisition of Alabama Graphite. As of June 30, 2019, there were 5,568 replacement options and 11,440 replacement warrants outstanding.

[Table of Contents](#)

Stock Options

The following table summarizes stock options outstanding and changes for the three-month periods ending June 30, 2019 and 2018:

	June 30, 2019		June 30, 2018	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Stock options outstanding at beginning of period	19,170	\$ 79.78	5,723	\$ 276.50
Granted	—	—	7,280	84.00
Expired	(624)	80.58	(680)	466.46
Stock options outstanding at end of period	18,546	\$ 64.49	12,323	\$ 152.50
Stock options exercisable at end of period	18,546	\$ 64.49	12,243	\$ 153.00

The following table summarizes stock options outstanding and exercisable by stock option plan at June 30, 2019:

Stock Option Plan	Outstanding Stock Options		Exercisable Stock Options	
	Number of Outstanding Stock Options	Weighted Average Exercise Price	Number of Exercisable Stock Options	Weighted Average Exercise Price
2004 Plan	96	\$ 1,752.25	96	\$ 1,752.25
2004 Directors' Plan	3	10,380.00	3	10,380.00
2013 Plan	12,766	35.41	12,766	35.41
Replacement Stock Options- Alabama Graphite	5,568	80.96	5,568	80.96
Replacement Stock Options- Anatolia Energy	113	831.50	113	831.50
	<u>18,546</u>	<u>\$ 64.49</u>	<u>18,546</u>	<u>\$ 64.49</u>

Restricted Stock Units

Time-based and performance-based RSUs are valued using the closing share price of the Company's common stock on the date of grant. The final number of shares issued under performance-based RSUs is generally based on the Company's prior year performance as determined by the Compensation Committee of the Board of Directors at each vesting date, and the valuation of such awards assumes full satisfaction of all performance criteria.

The following table summarizes RSU activity for the three-month periods ended June 30, 2019 and 2018:

	June 30, 2019		June 30, 2018	
	Number of RSUs	Weighted-Average Grant Date Fair Value	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested RSUs at beginning of period	2,260	\$ 70.00	3,578	\$ 70.00
Granted	—	—	—	—
Forfeited	(565)	70.00	(189)	70.00
Vested	—	—	—	—
Unvested RSUs at end of period	<u>1,695</u>	<u>\$ 70.00</u>	<u>3,389</u>	<u>\$ 70.00</u>

12. EARNINGS PER SHARE

Basic and diluted loss per common share have been calculated based on the weighted-average shares outstanding during the period. Additionally, potentially dilutive shares of 217,862 were excluded from the calculation of earnings per share because the effect on the basic income per share would be anti-dilutive for the six months ended June 30, 2019.

13. COMMITMENTS AND CONTINGENCIES

The Company's uranium recovery operations are subject to federal and state regulations for the protection of the environment, including water quality. Future closure and reclamation costs are provided for as each pound of uranium is produced on a unit-of-production basis. The Company reviews its reclamation obligations each year and determines the appropriate unit charge. The Company also evaluates the status of current environmental laws and their potential impact on their accrual for costs. The Company believes its operations are materially compliant with current environmental regulations.

At any given time, the Company may enter into negotiations to settle outstanding legal proceedings and any resulting accruals will be estimated based on the relevant facts and circumstances applicable at that time. We do not expect that such settlements will, individually or in the aggregate, have a material effect on its financial position, results of operations or cash flows.

14. LEASES

Lease Adoption January 1, 2019

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". This new standard requires lessees to recognize leases on their balance sheets. It also requires a dual approach for lessee accounting under which a lessee accounts for leases as finance leases or operating leases with the recognition of a right-of-use asset and a corresponding lease liability. For operating leases, the lessee recognizes straight-line lease expense. The new lease accounting standard along with the clarifying amendments subsequently issued by the FASB, collectively became effective for the Company on January 1, 2019. The Company adopted the new lease accounting standard by applying the new lease guidance at the adoption date on January 1, 2019, and as allowed under the transition relief provided in ASU 2018-11, elected not to restate comparative periods. As of January 1, 2019, in connection with the adoption of the new lease accounting standard, the Company recorded a right-of-use lease asset totaling \$595,870 with a corresponding lease liability totaling \$599,596.

The right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term using a discount rate of 9.5%. This rate is the Company's current estimated incremental borrowing rate.

The Company has operating leases for corporate offices, storage space and equipment. The leases have remaining lease terms of 1 to 5 years, one of which includes an option to extend the corporate office lease for 3 years. Under our corporate office lease, we are required to reimburse the lessor each month for common use expenses such as maintenance and security services. Because these amounts are variable from year to year and not specifically set in the lease terms, they are not included in the measurement of the ROU asset and related lease liability, but rather expensed in the period incurred.

The Company is party to several leases that are for under one year in length. These include such leases as those for land used in exploration and mining activities, office equipment, machinery, office space, storage and other. The Company has elected the short-term lease exemptions allowed under the new leasing standards, whereby leases with initial terms of one year or less are not capitalized and instead expensed on a straight-line basis over the lease term.

The components of lease expense were as follows:

<u>(thousands of dollars)</u>	<u>June 30</u> <u>2019</u>
Operating lease cost	<u>\$ 81</u>

[Table of Contents](#)

Supplemental cash flow information related to leases was as follows:

	Six months ended June 30, 2019
Cash paid for amounts included in lease liabilities:	
<i>(thousands of dollars)</i>	
Operating cash flows from operating leases	\$ 77
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ 541

Supplemental balance sheet information related to leases was as follows:

<i>(thousands of dollars, except lease term and discount rate)</i>	June 30, 2019
Operating Leases	
Operating lease right-of-use assets	\$ 541
Current portion of lease liabilities	\$ 151
Operating lease liabilities — long term portion	396
Total operating lease liabilities	\$ 547

	June 30, 2019
Weighted Average Remaining Lease Term	Operating leases 4.2 Years
Discount Rate	Operating leases 9.5%

Maturities of lease liabilities are as follows:

Lease payments by year (In thousands)	Operating Leases
2019	\$ 79
2020	159
2021	161
2022	162
2023	94
Total lease payments	655
Less imputed interest	(108)
Total	\$ 547

As of June 30, 2019, the company has \$0.5 million in ROU assets and \$0.5 million in related lease liabilities (\$0.2 million of which is current). The most significant operating lease is for its corporate office in Centennial, Colorado, with \$0.6 million remaining in undiscounted cash payments through the end of the lease term in 2023. The total undiscounted cash payments remaining on operating leases through the end of their respective terms is \$0.7 million.

15. GEOGRAPHIC AND SEGMENT INFORMATION

The Company currently operates in three reportable segments, which are uranium, lithium and graphite mining activities, including exploration, standby operations and restoration and reclamation activities. As a part of these activities, the Company also explores, evaluates and, if warranted, permits uranium, lithium and graphite properties. The Company's long-term assets were \$24.4 million and \$25.8 million as of June 30, 2019 and December 31, 2018, respectively. 100% of the long-term assets are located in the United States. The Company reported no revenues during the six months ended June 30, 2019 and June 30, 2018.

The reportable segments are those operations whose operating results are reviewed by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance provided those operations pass certain quantitative thresholds. Operations whose revenues, earnings or losses or assets exceed or are expected to exceed 10% of the total consolidated revenue, earnings or losses or assets are reportable segments. Information about current assets and liabilities of the segments has not been provided because the information is not used to assess performance.

[Table of Contents](#)

The table below provides a breakdown of the long-term assets by reportable segments as of June 30, 2019 and December 31, 2018:

(thousands of dollars)	June 30, 2019				
	Corporate	Uranium	Lithium	Graphite	Total
Net property, plant and equipment	\$ 138	\$ 11,395	\$ —	\$ 8,972	\$ 20,505
Restricted cash	—	3,758	—	10	3,768
Notes receivable, non-current	—	—	—	—	—
Operating lease right of use assets	517	24	—	—	541
Total long-term assets	\$ 655	\$ 15,177	\$ —	\$ 8,982	\$ 24,814

(thousands of dollars)	December 31, 2018				
	Corporate	Uranium	Lithium	Graphite	Total
Net property, plant and equipment	\$ 162	\$ 11,418	\$ —	\$ 8,973	\$ 20,553
Restricted cash	—	3,722	—	10	3,732
Notes receivable, non-current	—	1,493	—	—	1,493
Total long-term assets	\$ 162	\$ 16,633	\$ —	\$ 8,983	\$ 25,778

The table below provides a breakdown of the reportable segments for the three months ended June 30, 2019 and June 30, 2018. Non-mining activities and other administrative operations are reported in the Corporate column.

(thousands of dollars)	Three months Ended June 30, 2019				
	Corporate	Uranium	Lithium	Graphite	Total
Statement of Operations					
Mineral property expenses	\$ —	\$ 805	\$ 2	\$ 17	\$ 824
General and administrative expenses	1,570	433	—	58	2,061
Sales and marketing expenses	—	—	—	(7)	(7)
Accretion of asset retirement costs	—	30	—	—	30
Depreciation and amortization	1	24	—	—	25
	1,571	1,292	2	68	2,933
Loss from operations	(1,571)	(1,292)	(2)	(68)	(2,933)
Other income	158	—	—	—	158
Loss before taxes	\$ (1,413)	\$ (1,292)	\$ (2)	\$ (68)	\$ (2,775)

(thousands of dollars)	Three months Ended June 30, 2018				
	Corporate	Uranium	Lithium	Graphite	Total
Statement of Operations					
Mineral property expenses	\$ —	\$ 830	\$ 130	\$ 9	\$ 969
General and administrative	1,364	453	—	237	2,054
Acquisition related expenses	(422)	—	—	—	(422)
Accretion of asset retirement costs	—	134	—	—	134
Impairment of uranium properties	—	17,968	—	—	17,968
Depreciation and amortization	1	31	—	1	33
	943	19,416	130	247	20,736
Loss from operations	(943)	(19,416)	(130)	(247)	(20,736)
Other income	172	107	—	—	279
Loss before taxes	\$ (771)	\$ (19,309)	\$ (130)	\$ (247)	\$ (20,457)

[Table of Contents](#)

The table below provides a breakdown of the reportable segments for the six months ended June 30, 2019 and June 30, 2018. Non-mining activities and other administrative operations are reported in the Corporate column.

(thousands of dollars)	Six months Ended				
	June 30, 2019				
	Corporate	Uranium	Lithium	Graphite	Total
Statement of Operations					
Mineral property expenses	\$ —	\$ 1,358	\$ 3	\$ 97	\$ 1,458
General and administrative expenses	2,849	825	—	205	3,879
Sales and marketing expenses	—	—	—	11	11
Accretion of asset retirement costs	—	156	—	—	156
Depreciation and amortization	2	46	—	—	48
	<u>2,851</u>	<u>2,385</u>	<u>3</u>	<u>313</u>	<u>5,552</u>
Loss from operations	(2,851)	(2,385)	(3)	(313)	(5,552)
Other (expense) income	(397)	—	—	—	(397)
Loss before taxes	\$ (3,248)	\$ (2,385)	\$ (3)	\$ (313)	\$ (5,949)

(thousands of dollars)	Six months Ended				
	June 30, 2018				
	Corporate	Uranium	Lithium	Graphite	Total
Statement of Operations					
Mineral property expenses	\$ —	\$ 1,604	\$ 138	\$ 9	\$ 1,751
General and administrative	2,717	905	—	237	3,859
Acquisition related expenses	333	—	—	—	333
Accretion of asset retirement costs	—	268	—	—	268
Impairment of uranium properties	—	17,968	—	—	17,968
Depreciation and amortization	2	64	—	1	67
	<u>3,052</u>	<u>20,809</u>	<u>138</u>	<u>247</u>	<u>24,246</u>
Loss from operations	(3,052)	(20,809)	(138)	(247)	(24,246)
Other income	253	117	—	—	370
Loss before taxes	\$ (2,799)	\$ (20,692)	\$ (138)	\$ (247)	\$ (23,876)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the consolidated financial results and condition of Westwater for the six months ended June 30, 2019 has been prepared based on information available to us as of August 7, 2019. This discussion should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included herewith and the audited Consolidated Financial Statements of WWR for the period ended December 31, 2018 and the related notes thereto filed with our Annual Report on Form 10-K, which have been prepared in accordance with U.S. GAAP. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth elsewhere in this report. See "Cautionary Note Regarding Forward-Looking Statements."

INTRODUCTION

Westwater is an energy minerals exploration and energy-related materials development company. The Company's battery materials projects include graphite and lithium mineral properties. We established our graphite business with the acquisition of Alabama Graphite on April 23, 2018 and its Coosa Graphite Project along with the associated Coosa Graphite Mine located across 41,900 acres in east-central Alabama. We established our lithium business in 2016 and currently control mineral rights encompassing approximately 36,920 acres across three prospective lithium brine basins in Nevada and Utah. We have continued exploration activities as well as geological evaluation of these properties in 2018 for potential development of lithium resources that may be discovered.

The Company maintains optionality on future rising uranium prices with significant uranium property holdings 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 ha) of prospective in-situ recovery uranium projects. In New Mexico, the Company controls mineral rights encompassing approximately 188,700 acres (76,394 ha) 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., WWR also owns an extensive uranium information database of historic drill hole logs, assay certificates, maps and technical reports for the western United States.

Graphite, Lithium and Uranium Listed as Critical Materials

A Presidential Executive Order on a Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals was issued on December 20, 2017, which we believe will accelerate important energy related mineral development in the United States. In conjunction with Professional Paper 1802, published by the US Geological Service ("USGS"), where 23 minerals are identified as critical to the Country's security and economy, WWR believes these actions are important steps in support of domestic minerals development. One of the important steps outlined in the Executive Order required a list of critical minerals to be provided by the US Secretary of the Interior. This list was provided and included all three of WWR's contemplated portfolio products consisting of graphite, lithium and uranium. Graphite and lithium, in particular, are critical to the development of batteries and other energy storage systems essential to the electric vehicle, solar and wind power industries.

Section 232 Investigation

The US Department of Commerce initiated a Section 232 investigation in July 2018 to determine whether the present quantity of uranium ore and product imports threaten to impair US national security. This trade investigation was initiated under section 232 of the Trade Expansion Act after two US uranium producers petitioned the Department of Commerce in January 2018, seeking an order that US nuclear utilities be required to purchase 25% of their uranium from US domestic production. US uranium production has declined significantly since 1987, with domestic uranium producers experiencing a major slowdown in operations and employment.

On 12 July 2019, President Trump announced the completion of the section 232 trade investigation. President Trump decided to take no trade action, which has allayed market uncertainty about whether a quota, tariff or other trade action would be imposed under the broad power delegated to the President under section 232. Instead, President Trump ordered a review of the domestic nuclear supply chain (uranium production, conversion, enrichment and fabrication) in the context of the 2017 White House initiative to revive, revitalize and expand the nuclear energy sector.

Although President Trump did not agree that uranium imports threaten to impair the national security of the United States, he acknowledged that the United States uranium industry faces significant challenges in producing uranium domestically and that this is an issue of national security. Accordingly, to address concerns regarding the production of domestic uranium and ensure a

[Table of Contents](#)

comprehensive review of the domestic nuclear supply chain, the President directed that a Nuclear Fuel Working Group be established. The Working Group will include the Secretary of State, Secretary of Energy and Secretary of Defense, among other key officials, and will develop recommendations for reviving and expanding domestic nuclear fuel production (that is, uranium, conversion, enrichment and fuel fabrication). Within 90 days the Working Group must submit a report to the President making recommendations to further enable domestic nuclear fuel production.

RECENT DEVELOPMENTS

Equity Financings

Stock Purchase Agreement with Lincoln Park Capital Fund, LLC. (“Lincoln Park”)

On May 24, 2019, Westwater entered into a securities purchase agreement, as amended by Amendment No. 1 thereto dated as of May 30, 2019 (as so amended, the “Purchase Agreement”), with Lincoln Park, pursuant to which the Company agreed to issue and sell to Lincoln Park, and Lincoln Park agreed to purchase from the Company (i) 104,294 shares of the Company’s Common Stock, par value \$0.001 per share (collectively, the “Common Shares”) and (ii) warrants (the “Warrants”) to initially purchase an aggregate of up to 182,515 shares of Common Stock (the “Warrant Shares”), at an exercise price of \$5.062 per share, for an aggregate of \$550,751. On May 30, 2019 (the “Closing Date”), the Company issued and sold the Common Shares and the Warrants to Lincoln Park and received aggregate gross proceeds before expenses of \$550,751. The Warrants will become exercisable upon the six-month anniversary of the Closing Date and thereafter at any time during the five-year period following such date.

Purchase Agreement (“PA”) with Lincoln Park

On June 6, 2019, the Company entered into the PA with Lincoln Park to place up to \$10.0 million in the aggregate of the Company’s common stock on an ongoing basis when required by the Company over a term of 24 months. Westwater will control the timing and amount of any sales to Lincoln Park, and Lincoln Park is obligated to make purchases in accordance with the PA. Any common stock that is sold to Lincoln Park will occur at a purchase price that is based on an agreed upon fixed discount to the Company’s prevailing market prices at the time of each sale and with no upper limits to the price Lincoln Park may pay to purchase common stock. The PA may be terminated by Westwater at any time, in its sole discretion, without any additional cost or penalty.

The PA specifically provides that the Company may not issue or sell any shares of its common stock under the PA if such issuance or sale would breach any applicable rules of The Nasdaq Capital Market. In particular, Nasdaq Listing Rule 5635 (d) provides that the Company may not issue or sell more than 19.99% of the shares of the Company’s common stock outstanding immediately prior to the execution of the PA without shareholder approval. On August 6, 2019 the Company conducted a Special Meeting of Shareholders whereby the Company received such approval.

Lincoln Park has no right to require the Company to sell any shares of common stock to Lincoln Park, but Lincoln Park is obligated to make purchases as the Company directs, subject to certain conditions. In all instances, the Company may not sell shares of its common stock to Lincoln Park under the PA if it would result in Lincoln Park beneficially owning more than 9.99% of its common stock. There are no upper limits on the price per share that Lincoln Park must pay for shares of common stock.

Following effectiveness of an S-1 registration statement relating to the resale of the shares subject to the PA on June 18, 2019, the Company began selling shares of its common stock to Lincoln Park under the terms of the PA. During the quarter ended June 30, 2019, the Company sold 60,000 shares of common stock for net proceeds of \$0.3 million.

Vanadium Target Identification

In late November 2018, Westwater announced the discovery of significant levels of vanadium concentrations at several locales within the graphitic schists at the Company’s Coosa Project. Westwater subsequently commenced the first of a four-phase exploration program designed to determine the extent, character and quality of the vanadium mineralization at Coosa. As announced by the Company on February 19, 2019, the first phase demonstrated widespread positive values for vanadium that extended beyond the graphite resource defined in the 2015 Preliminary Economic Assessment for the Coosa Project.

Reclamation Success in Texas

Westwater has completed wellfield plugging at the Vasquez Project and the Texas Commission on Environmental Quality has approved this phase of reclamation. This paves the way for bond releases in 2019, including the release of a surety bond posted by

[Table of Contents](#)

the Company in the amount of \$208,657 as announced by the Company on March 4, 2019. Reclamation of the waste disposal well and its associated pond, as well as the remainder of the surface, is scheduled for completion in early 2020.

At the Rosita Project, also located in Texas, the wellfield Production Areas 1 & 2 are plugged, and surface reclamation in those areas is expected to be completed in 2019.

Royalty and Promissory Note Sale

On March 5, 2019, Westwater entered into an agreement to sell four royalties on uranium properties located in South Dakota, Wyoming and New Mexico and a promissory note due in 2020 to Uranium Royalty Corp. for \$2.75 million, including \$0.5 million paid at signing. On June 28, 2019, Westwater and URC entered into an amendment to the agreement. The amendment extended the date for closing under the agreement to August 30, 2019. In addition, URC delivered an additional \$1,000,000 as deposit to the Company upon signing the amendment, increasing the total deposit to \$1,500,000, which will be credited against the purchase price at the closing of the transaction. The transaction will close following satisfaction or waiver of the closing conditions, which conditions include, among other things, the execution of various assignment agreements.

Turkish Government Taking of Temrezli and Şefaati Licenses and Westwater's Arbitration Filing

In December 2018, Westwater filed a Request for Arbitration against the Republic of Turkey for its unlawful actions against the Company's investments, most notably, the June 2018 illegal taking of its Temrezli and Şefaati uranium projects. These projects were owned by Westwater's Turkish subsidiary Adur Madencilik Limited Sirketi ("Adur").

Since 2007, Adur has held the exclusive rights for the exploration and development of uranium at Temrezli and Şefaati, two sites located around 200 kilometers from Ankara, which include the largest and highest-grade deposits of uranium known to be in Turkey. To date, Adur and its shareholders have invested substantially in these two projects, using their technical expertise and carrying out extensive drilling, testing and studies to move the projects towards production. Having successfully completed the exploration stage in 2013-2014, Adur was granted a number of operating licenses by the Turkish government to develop the Temrezli mine. As a direct result of Adur's efforts, Temrezli is the most advanced uranium project in Turkey. Experts have estimated that the mine will generate revenues of up to \$644 million over its life, netting Westwater an estimated future return on its investment of \$267 million as described in the Prefeasibility Study completed for the Temrezli project in 2015.

For many years, Adur and Westwater worked closely with the Turkish authorities and shared their technical expertise in uranium mining. However, Turkey's most recent actions have undermined this longstanding relationship. In particular, in June 2018, the Turkish government cancelled all of Adur's exploration and operating licenses with retroactive effect, rendering Westwater's investment in Adur effectively worthless. While the Turkish authorities had variously issued, renewed and overseen these licenses for more than a decade, they now assert that these were issued by mistake and that the Turkish government has a governmental monopoly over all uranium mining activities in Turkey, in violation of Westwater's rights under Turkish and international law. Westwater has reached out on numerous occasions to the Turkish government to resolve this dispute amicably, to reinstate the licenses and to remedy its unlawful actions, but to no avail.

As a result, on December 13, 2018 Westwater filed a Request for Arbitration against the Republic of Turkey before the International Center for the Settlement of Investment Disputes ("ICSID") pursuant to the Treaty between the United States of America and the Republic of Turkey concerning the Reciprocal Encouragement and Protection of Investments. The ICSID proceeding has begun, and although there are no schedules yet for any arbitration milestones, the Company expects a schedule to be set before the end of the year.

Compliance with Nasdaq Minimum Bid Requirement

On March 13, 2018, the Nasdaq Stock Market notified Westwater that the Company did not meet Nasdaq's \$1.00 per share minimum bid price requirement under Nasdaq Listing Rule 5550(a)(2) (the "Rule") for continued listing on the Nasdaq Capital Market, and the Company was given an initial grace period of 180 days, or until September 10, 2018, to regain compliance with the Rule. Subsequently, on September 12, 2018, the Company was provided an additional 180-day compliance period, or until March 11, 2019, to regain compliance with the Rule.

On March 12, 2019, the Company received a letter from the Listing Qualifications Staff of Nasdaq notifying the Company that, based upon the Company's continuing non-compliance with the Rule, the Staff had determined that the Company's common stock would be delisted from Nasdaq unless the Company timely requests an appeal of such determination to a Nasdaq hearings panel. The Company appealed the Staff's determination by requesting a hearing before a Nasdaq hearings panel, which hearing was held on May 2, 2019. On May 8, 2019, the Company received a written confirmation from the Nasdaq Office of General Counsel that the

[Table of Contents](#)

Company had regained compliance with the Rule. The May 8, 2019 letter also confirmed that the Nasdaq hearings panel affirmed continued listing of the Company's common stock on the Nasdaq Stock Market and has closed the compliance review.

Reverse Stock Split

On April 22, 2019, following the close of trading, Westwater effected a one-for-fifty reverse split of its common shares. The consolidated common shares began trading on a split-adjusted basis on April 23, 2019. On April 18, 2019, at the Annual Meeting of Stockholders, the Company received approval for a charter amendment permitting Westwater to effect a reverse split. The primary purpose of the reverse split was to bring Westwater into compliance with the Nasdaq's \$1.00 minimum bid price requirement to maintain Westwater's stock listing on Nasdaq.

The reverse split reduced the number of Westwater's outstanding common stock from 74,707,659 shares to 1,494,153 shares of common stock. No fractional shares were issued as a result of the reverse stock split. Any fractional shares that would have resulted were settled in cash. All share data herein has been retroactively adjusted for the reverse stock split.

RESULTS OF OPERATIONS**Summary**

Our consolidated net loss for the three months ended June 30, 2019 was \$2.8 million, or \$1.79 per share, as compared with a consolidated net loss of \$20.5 million, or \$25.63 per share for the same period in 2018. For the three months ended June 30, 2018, the \$17.7 million decrease in our consolidated net loss from the respective prior period was primarily the result of the June 2018 impairment charge for the Temrezli and Sefaati uranium mineral interests.

Our consolidated net loss for the six months ended June 30, 2019 was \$5.9 million, or \$3.93 per share, as compared with a consolidated net loss of \$23.9 million, or \$35.14 per share for the same period in 2018. For the six months ended June 30, 2019, the \$17.9 million decrease in our consolidated net loss from the respective prior period once again was primarily the result of the June 2018 impairment charge for the Temrezli and Sefaati uranium mineral interests.

Mineral Property Expenses

The following table details our mineral property expenses for the three and six months ended June 30, 2019 and 2018:

	For the Three months Ended June 30,		For the Six months Ended June 30,	
	2019	2018	2019	2018
	(thousands of dollars)			
Restoration/Recovery expenses				
Rosita Project	\$ 11	\$ 67	\$ (7)	\$ 167
Vasquez Project	40	17	77	101
Total restoration/recovery expenses	51	84	70	268
Standby care and maintenance expenses				
Kingsville Dome Project	133	156	286	314
Rosita Project	84	86	201	178
Vasquez Project	69	64	142	138
Temrezli Project	—	17	—	96
Total standby care and maintenance expenses	286	323	629	726
Exploration and evaluation costs	12	11	92	21
Land maintenance and holding costs	475	551	667	736
Total mineral property expenses	<u>\$ 824</u>	<u>\$ 969</u>	<u>\$ 1,458</u>	<u>\$ 1,751</u>

For the three and six months ended June 30, 2019, mineral property expenses decreased by \$0.1 million and \$0.3 million from the corresponding periods during 2018. For both of the comparative periods, the decreases were primarily due to a reduction in reclamation activities at the Vasquez and Rosita Projects due to adverse weather conditions in 2019, a reduction in operating activities at the Temrezli Project due to the revocation of the mining licenses by the government of Turkey in June 2018 and by a decrease in land holding costs resulting from reduced lease rentals for the Cebolleta mineral lease in New Mexico.

[Table of Contents](#)**General and Administrative Expenses**

Significant expenditures for general and administrative expenses for the six months ended June 30, 2019 and 2018 were:

	<u>For the Three months ended June 30,</u>		<u>For the Six months ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(thousands of dollars)			
Stock compensation expense	\$ 8	\$ 82	\$ 15	\$ 162
Salaries and payroll burden	725	646	1,410	1,375
Legal, accounting, public company expenses	1,115	722	1,960	1,399
Insurance and bank fees	109	136	234	277
Consulting and professional services	36	300	75	315
Office expenses	58	114	162	237
Other expenses	3	54	34	94
Total	<u>\$ 2,054</u>	<u>\$ 2,054</u>	<u>\$ 3,890</u>	<u>\$ 3,859</u>

For the three and six months ended June 30, 2019, general and administrative charges increased only slightly as compared with the corresponding periods in 2018. For both of the comparative periods, 2019 increases in legal, accounting and public company expenses were due to financing activities, Nasdaq compliance activities, shareholder meeting costs and legal and ICSID fees related to the Republic of Turkey arbitration proceeding, which were offset by decreases in stock compensation expense, office expenses and consulting expenses. The higher consulting expenses in 2018 were primarily related to the Alabama Graphite acquisition.

Other Income and Expenses

For the three months ended June 30, 2019, the \$0.1 million decrease in other income compared to the three months ended June 30, 2018 was primarily due to proceeds received from sale of scrap metal in the 2018 period, while there were no sales of scrap metal in the 2019 period.

For the six months ended June 30, 2019, the \$0.8 million decrease in other income compared to the six months ended June 30, 2018 was primarily due to proceeds received from sale of scrap metal in the 2018 period of \$0.1 million, while there were no sales of scrap metal in the 2019 period, plus during the 2019 period the Company sold the third tranche of 2,483,034 Laramide common shares along with 2,218,333 Laramide warrants resulting in net proceeds of \$0.5 million and a net loss on sale of marketable securities of \$0.7 million.

FINANCIAL POSITION**Operating Activities**

Net cash used in operating activities was \$4.3 million for the six months ended June 30, 2019, as compared with \$6.1 million for the same period in 2018. The \$1.8 million decrease in cash used was primarily due to an increase in cash from working capital items, primarily an increase of \$1.6 million in accounts payable and accrued liabilities.

Investing Activities

Net cash provided by investing activities was \$2.8 million for the six months ended June 30, 2019, as compared with \$26,000 of cash provided by investing activities for the six months ended June 30, 2018. For the 2019 period, the Company received note payments on the Laramide note in the amount of \$0.8 million in cash. Additionally, the Company received net proceeds of \$0.5 million from the sale of Laramide securities and \$1.5 million from URC as a deposit in accordance with the terms of the Asset Purchase Agreement signed on March 5, 2019. For the 2018 period, the Company received a note payment on the Laramide note in the amount of \$1.1 million in cash. Additionally, the Company received net proceeds of \$0.5 million from the sale of Laramide securities. These increases were partially offset by cash used for note advances to Alabama Graphite of \$1.5 million.

Financing Activities

Net cash provided by financing activities was \$1.2 million for the six months ended June 30, 2019 from the proceeds of sales of common stock through the Company's Cantor ATM Offering agreement, to Lincoln Park pursuant to the Stock Purchase Agreement and to Lincoln Park under the Purchase Agreement.

[Table of Contents](#)

For the six months ended June 30, 2018 the Company received net cash proceeds of \$1.3 million, \$2.9 million and \$0.5 million from the sale of common stock sold through the Company's Common Stock Purchase Agreement with Aspire Capital, LLC ("Aspire"), a registered direct offering to Aspire and the Cantor ATM Offering agreement, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The interim Condensed Consolidated Financial Statements of the Company have been prepared on a "going concern" basis, which means that the continuation of the Company is presumed even though events and conditions exist that, when considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern because it is possible that the Company will be required to adversely change its current business plan or may be unable to meet its obligations as they become due within one year after the date that these financial statements were issued.

The Company last recorded revenues from operations in 2009 and expects to continue to incur losses as a result of costs and expenses related to maintaining its properties and general and administrative expenses. Since 2009, the Company has relied on equity financings, debt financings and asset sales to fund its operations and the Company expects to rely on these forms of financing to fund its operations into the near future. The Company will also continue to identify ways to reduce its cash expenditures.

The Company's current business plan requires working capital to fund non-discretionary expenditures for uranium reclamation activities, mineral property holding costs, business development costs and administrative costs. The Company intends to pursue project financing to support execution of the graphite business plan, including discretionary capital expenditures associated with graphite battery-material product development, construction of pilot plant facilities and construction of commercial production facilities. The Company's current lithium business plan will be funded by working capital; however, the Company is pursuing project financing including possible joint venture partners to fund discretionary greenfield exploration activities.

At June 30, 2019 the Company's cash balances were \$1.2 million and the Company had a working capital deficit balance of \$2.7 million. Subsequent to August 7, 2019, the Company expects to fund operations as follows:

- Payment due August 30, 2019 or earlier in the amount of \$1.25 million from sale of uranium royalty interests and the Laramide Resources Ltd. promissory note (Note 4) to Uranium Royalty Corp. (Note 5).
- The Stock Purchase Agreement with Lincoln Park Capital, LLC, whereby the Company may place up to \$10.0 million in the aggregate of the Company's common stock on an ongoing basis when required by the Company over a term of 24-months ending in June 2021.
- The Controlled Equity Offering Sales Agreement with Cantor Fitzgerald & Co. which currently has \$23.8 million remaining sales capacity, subject to the registration of shares on Form S-3. The Company is currently ineligible to register additional shares on Form S-3 pursuant to the SEC's shelf registration rules.
- Other debt and equity financings and asset sales.

While the Company has been successful in the past in raising funds through equity and debt financings as well as through the sale of non-core assets, no assurance can be given that additional financing will be available to it in amounts sufficient to meet its needs, or on terms acceptable to the Company. In the event that we are unable to raise sufficient additional funds, we may be required to delay, reduce or severely curtail our operations or otherwise impede our on-going business efforts, which could have a material adverse effect on our business, operating results, financial condition, long-term prospects and ability to continue as a viable business. Considering all of the factors above, the Company believes there is substantial doubt regarding its ability to continue as a going concern.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private

[Table of Contents](#)

Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, statements regarding the adequacy of funding, liquidity, the timing or occurrence of any future drilling or production from the Company's properties, the ability of the Company to acquire additional properties or partner with other companies, the realization of expected benefits from recent business combinations and the Company's anticipated cash burn rate and capital requirements. Words such as "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project" and variations of these words, comparable words and similar expressions generally indicate forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- the availability of capital to WWR;
- the spot price and long-term contract price of graphite, vanadium, lithium and uranium;
- the ability of WWR to enter into and successfully close acquisitions, dispositions or other material transactions;
- government regulation of the mining industry and the nuclear power industry in the United States;
- operating conditions at our mining projects;
- the world-wide supply and demand of graphite, vanadium, lithium and uranium;
- weather conditions;
- unanticipated geological, processing, regulatory and legal or other problems we may encounter;
- the results of our exploration activities, and the possibility that future exploration results may be materially less promising than initial exploration result;
- any graphite, vanadium, lithium or uranium discoveries not being in high enough concentration to make it economic to extract the metals;
- currently pending or new litigation or arbitration; and
- our ability to maintain and timely receive mining and other permits from regulatory agencies.

as well as other factors described elsewhere in this Quarterly Report on Form 10-Q, our 2018 Annual Report on Form 10-K and the other reports we file with the SEC. Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth herein, contemplated by or underlying the forward-looking statements. Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements made herein, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information in our Quarterly Reports.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings with the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management has recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply judgment in evaluating the Company's controls and procedures.

[Table of Contents](#)

During the fiscal period covered by this report, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2019.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2019 that materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding reportable legal proceedings is contained in Part I, Item 3, "Legal Proceedings," in our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to the legal proceedings previously disclosed in the Annual Report on Form 10-K, other than as set forth below.

Arbitration Against Turkey

On December 13, 2018, Westwater filed a Request for Arbitration against the Republic of Turkey before the International Centre for the Settlement of Investment Disputes ("ICSID"), pursuant to the Treaty between the United States of America and the Republic of Turkey concerning the Reciprocal Encouragement and Protection of Investments. The Request for Arbitration was filed as a result of the Republic of Turkey's unlawful actions against the Company's investments at the Temrezli and Sefaati uranium projects owned by Westwater's Turkish subsidiary Adur Madencilik Limited Sirketi ("Adur"). Specifically, in June 2018, the Turkish government cancelled all of Adur's exploration and operating licenses with retroactive effect, rendering Westwater's investment in Adur effectively worthless. While the Turkish authorities had variously issued, renewed and overseen these licenses for more than a decade, they now assert that these were issued by mistake and that the Turkish government has a governmental monopoly over all uranium mining activities in Turkey, in violation of Westwater's rights under Turkish and international law. Westwater has reached out on numerous occasions to the Turkish government to resolve this dispute amicably, to reinstate the licenses and to remedy its unlawful actions, but to no avail.

On December 21, 2018, ICSID registered Westwater's Request for Arbitration. On May 1, 2019, the three-member ICSID panel for the arbitration was established. The parties are working with the panel to put into place a procedural order that will govern the process, procedure and schedule for the arbitration. It is anticipated that the procedural order will be finalized in September 2019, and thereafter the arbitration will proceed in accordance with that order.

ITEM 1A. RISK FACTORS.

There have been no material changes from those risk factors set forth in our [Quarterly Report on Form 10-Q for the quarter ended March 31, 2019](#), which are incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None

[Table of Contents](#)

ITEM 6. EXHIBITS.

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Company, as amended through April 22, 2019.
4.1	Warrant to Purchase Common Stock issued to Lincoln Park Capital Fund, LLC, dated May 30, 2019 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on May 31, 2019).
10.1	Securities Purchase Agreement, dated May 24, 2019, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 31, 2019).
10.2	Amendment No. 1 to Securities Purchase Agreement, dated May 30, 2019, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 31, 2019).
10.3	Registration Rights Agreement, dated May 24, 2019, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on May 31, 2019).
10.4	Purchase Agreement, dated June 6, 2019, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 11, 2019).
10.5	Registration Rights Agreement, dated June 6, 2019, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 11, 2019).
10.6	Amendment No. 1 to Asset Purchase Agreement, dated June 28, 2019, among the Company, Uranium Royalty (USA) Corp., and Uranium Royalty Corp.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS:	XBRL Instance Document
101.SCH:	XBRL Taxonomy Extension Schema Document
101.CAL:	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF:	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB:	XBRL Taxonomy Extension Label Linkbase Document
101.PRE:	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTWATER RESOURCES, INC.

Dated: August 7, 2019

By: /s/ Christopher M. Jones
Christopher M. Jones
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 7, 2019

By: /s/ Jeffrey L. Vigil
Jeffrey L. Vigil
Vice President - Finance and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

RESTATED
CERTIFICATE OF INCORPORATION
OF
WESTWATER RESOURCES, INC.

(As amended through April 22, 2019)

ARTICLE 1

The name of the corporation is Westwater Resources, Inc.

ARTICLE 2

The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE 3

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE 4

The total number of shares of all classes of stock which the Corporation has authority to issue is 100,000,000 shares with a par value of \$0.001 per share. The shares are designated as Common Stock, have one vote per share and have identical rights and privileges in every respect. The holders of the stock of the Corporation shall have no preemptive rights to subscribe for any securities of the Corporation.

Effective as of April 22, 2019, at 5:00 p.m. Eastern Time (the "Effective Time"), each fifty (50) shares of Common Stock issued and outstanding or held in the treasury (if any) immediately prior to the Effective Time shall be automatically reclassified and combined, without further action, into one (1) validly issued, fully paid and non-assessable share of Common Stock with a par value of \$0.001 per share, subject to the treatment of fractional share interests as described below. There shall be no fractional shares issued. A holder of record of Common Stock immediately prior to the Effective Time who would otherwise be entitled to a fraction of a share shall, in lieu thereof, be entitled to receive a cash payment (without interest) in an amount equal to the fraction to which the stockholder would otherwise be entitled multiplied by the closing price of the Common Stock, as reported on The Nasdaq Capital Market, on the last trading day prior to the Effective Time. Each certificate that immediately prior to the Effective Time represented shares of Common Stock ("Old Certificates"), shall thereafter

represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the treatment of fractional shares as described above.

ARTICLE 5

The Board of Directors is authorized to make, alter or repeal the by-laws of the corporation.

ARTICLE 6

No contract or transaction between the corporation and one or more of its directors, officers or stockholders, or between the corporation and any other corporation or firm in which one or more of them is directly or indirectly interested, shall be void or voidable solely for this reason, or solely because any such director or officer is present at or participates in the meeting of the board or committee which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

- (1) the material facts as to such director's, officer's or stockholder's relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors be less than a quorum; or
- (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
- (3) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction. This provision shall not be construed to invalidate any contract or transaction which would be valid in the absence of this provision.

ARTICLE 7

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director or officer or employee of the corporation, or is or was serving at the request of the corporation as a director or officer or

employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except as otherwise limited by applicable law.

Section 3. To the extent that a director, officer or employee of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article 7, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Sections 1 and 2 of this Article 7 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article 7. Such determination shall be made (a) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the stockholders.

Section 5. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this Article 7. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 6. The indemnification and advancement of expenses provided by or granted pursuant to the other sections of this Article 7 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer or employee of the corporation, or is or was serving at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article 7.

Section 8. For purposes of this Article 7, references to “the corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers and employees, so that any person who is or was a director, officer or employee of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article 7 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 9. For purposes of this Article 7, reference to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer or employee of the corporation which imposes duties on, or involves services by, such director, officer or employee with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the corporation” as referred to in this Article 7.

Section 10. The indemnification and advancement of expenses provided by or granted pursuant to this Article 7 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 8

No director of the corporation shall have any personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, this provision shall not eliminate or limit the liability of a director (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in

good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

**AMENDMENT NO. 1 TO
ASSET PURCHASE AGREEMENT**

THIS AMENDMENT NO. 1 TO ASSET PURCHASE AGREEMENT (this “**Amendment**”) is dated effective June 28, 2019,

BETWEEN:

WESTWATER RESOURCES, INC., a corporation existing under the laws of Delaware and having a mailing address at 6950 South Potomac Street, Suite 300, Centennial, Colorado 80112

(“**Westwater**”)

AND:

URANIUM ROYALTY (USA) CORP., a corporation existing under the laws of Delaware and having a mailing address at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2

(“**URC**”)

AND:

URANIUM ROYALTY CORP., a corporation existing under the federal laws of Canada and having a mailing address at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2

(“**URC Parent**”)

WHEREAS:

- A. Westwater and URC and URC Parent previously entered into the Asset Purchase Agreement, dated effective March 5, 2019 (the “**Agreement**”), pursuant to which Westwater agreed to sell, and URC agreed to purchase, all of Westwater’s rights, title and interest in the Royalties (as defined in the Agreement) and the Promissory Note (as defined in the Agreement), on the terms and conditions set forth therein;
- B. URC has requested an amendment to the Agreement to extend the date for Closing to August 30, 2019; and
- C. In accordance with Section 8.9 of the Agreement, URC and URC Parent desire hereby to amend the Agreement to set August 30, 2019 as the Closing Date and to increase the amount of the Deposit (as defined in the Agreement), and Westwater desires to consent to such amendments, all on the terms and conditions set forth herein.

NOW THEREFORE THIS AMENDMENT WITNESSES THAT in consideration of the covenants, representations and warranties and mutual agreements contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties hereby agree as follows:

1. Defined Terms

Capitalized terms used but not defined in this Amendment shall have the meanings given thereto in the Agreement.

2. Additional Deposit

On the date of this Amendment, URC has paid and Westwater has received an additional deposit of \$1,000,000, and Section 2.1 of the Agreement is hereby amended and restated in its entirety as follows:

“On March 5, 2019, URC paid \$500,000.00 to Westwater, and on June 28, 2019, URC paid an additional \$1,000,000.00 to Westwater (such payments together, the “**Deposit**”), as a deposit against the Purchase Price.”

3. Modified Definition

The following definition in Section 1.1 of the Agreement is hereby removed and replaced in its entirety as follows:

“(m) “**Closing Date**” means August 30, 2019 or such other date as the Parties may mutually agree upon in writing.”

4. Removed Definition

The definition of “Outside Date” in Section 1.1 of the Agreement is hereby removed and replaced in its entirety with “[RESERVED].”

5. Amended Forfeiture Provision

Section 2.4 of the Agreement is hereby removed and replaced in its entirety as follows:

“In the event that either (x) this Agreement terminates pursuant to Section 6.4(a) hereof or (y) Westwater terminates this Agreement pursuant to Section 6.4(b)(iii) hereof (in each case provided that: (A) the conditions in Sections 6.1 and 6.3 have been satisfied or, in the case of the condition set forth in Section 6.1(a)(iii) is reasonably capable of being satisfied on the Closing Date, and (B) the failure to complete the transactions contemplated in this Agreement is not as a result of Westwater’s breach of, or failure to fulfil its obligations under this Agreement), the Deposit is forfeited to Westwater. In such event, the Deposit shall be deemed to have been fully and finally paid by URC to Westwater as liquidated damages and shall be the sole recourse of Westwater for any related breach of this Agreement by URC or URC Parent. This Section 2.4 shall survive any termination of this Agreement.”

6. Amended Closing Condition

Section 6.1(a)(vi) of the Agreement is hereby removed and replaced in its entirety with “[RESERVED].”

7. Amended Termination Provision

Section 6.4 of the Agreement is hereby amended and restated in its entirety as follows:

“6.4 Termination

- (a) This Agreement shall be deemed to be terminated if Closing does not occur on or prior to the Closing Date, unless otherwise mutually agreed by the Parties in writing.
- (b) This Agreement may be terminated at any time prior to Closing:
 - (i) by mutual written consent of all Parties;
 - (ii) by URC, if (i) there is a material Uncured Inaccuracy in any representation or warranty of Westwater contained in this Agreement or a material breach of any covenant of the Westwater contained in this Agreement, (ii) URC has delivered to Westwater a written notice of such material Uncured Inaccuracy or material breach and (iii) either such material Uncured Inaccuracy or material breach is not capable of cure or, if curable, has not been cured in all material respects prior to (but not including) the earlier of (A) the tenth Business Day after the giving of written notice to Westwater of such breach or failure or (B) the Closing Date; and
 - (iii) by Westwater, if (i) there is a material Uncured Inaccuracy in any representation or warranty of URC or URC Parent contained in this Agreement or a material breach of any covenant of the URC or URC Parent contained in this Agreement, (ii) Westwater has delivered to URC or URC Parent a written notice of such material Uncured Inaccuracy or material breach and (iii) either such material Uncured Inaccuracy or material breach is not capable of cure or, if curable, has not been cured in all material respects prior to (but not including) the earlier of (A) the tenth Business Day after the giving of written notice to URC or URC Parent of such breach or failure or (B) the Closing Date. ”

8. Representations and Warranties

- (a) Each Party represents and warrants as of the date hereof that such Party has full power and authority to enter into this Amendment, and that when executed and delivered by such Party, and assuming execution and delivery by the other Parties, will constitute a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other applicable laws relating to or affecting creditors’ rights generally, and to general principles of equity.
- (b) Each Party represents and warrants that all representations and warranties of such Party contained in the Agreement are true and correct in all material respects as of, and with the same effect as though made on, the date of this Amendment.

9. Effect of the Amendment

This Amendment shall become effective upon the execution and delivery of this Amendment by the Parties. This Amendment shall not constitute an amendment or waiver of any provision of the Agreement not expressly amended or waived herein and shall not be construed as an amendment, waiver or consent to any action that would require an amendment, waiver or consent except as expressly stated herein. The Agreement, as amended by this Amendment, is and shall continue to be in full force and effect and is in all respects ratified and confirmed hereby.

10. References to the Asset Purchase Agreement

After giving effect to this Amendment, unless the context otherwise requires, each reference in the Agreement to “this Agreement,” “the Agreement,” “hereof,” “hereunder,” “herein,” or words of like import referring to the Agreement shall refer to the Agreement as amended by this Amendment, provided that references in the Agreement to “as of the date hereof” or “as of the date of this Agreement” or words of like import shall continue to refer to March 5, 2019.

11. Other Miscellaneous Terms

The provisions of Sections 1.2 (*Certain Rules of Interpretation*), 1.3 (*Currency*), 8.1 (*Confidentiality*), 8.4 (*Notices*), 8.5 (*Expenses*), 8.6 (*Governing Law*), 8.12 (*Assignment*), 8.13 (*Independent Legal Advice*) and 8.14 (*Severability*) of the Agreement shall apply to this Amendment *mutatis mutandis* as if set forth herein.

[Remainder of page intentionally left blank.]

12. Execution and Counterparts

This Amendment may be executed in any number of counterparts and any Party may deliver any such counterpart by facsimile or other electronic transmission. Each counterpart, when so executed and delivered, shall be deemed to be an original and all such executed counterparts taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Amendment No. 1 to Asset Purchase Agreement as of the date first above written.

URANIUM ROYALTY (USA) CORP.

/s/ Philip Williams
Name: Philip Williams
Title: Board of Manager

URANIUM ROYALTY CORP.

/s/ Philip Williams
Name: Philip Williams
Title: President and Chief Executive Officer

WESTWATER RESOURCES, INC.

/s/ Christopher M. Jones
Name: Christopher M. Jones
Title: President / CEO

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Christopher M. Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westwater Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Christopher M. Jones
Title: President and Chief Executive Officer

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jeffrey L. Vigil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Westwater Resources, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Jeffrey L. Vigil

Title: Vice President - Finance and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher M. Jones, President and Chief Executive Officer of Westwater Resources, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2019 (the "Report"), which this certification accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher M. Jones

Christopher M. Jones
President and Chief Executive Officer
August 7, 2019

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey L. Vigil, Vice President - Finance and Chief Financial Officer of Westwater Resources, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2019 (the "Report"), which this certification accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey L. Vigil

Jeffrey L. Vigil
Vice President - Finance and Chief Financial Officer
August 7, 2019
