

<p><b>WWR / NYSE-Amer</b></p> <p>Rating Withdrawn</p> <p><b>Target Withdrawn</b></p>	<p><b>CAPITALIZATION</b></p>		<p><b>MARKET DATA</b></p>	
	Shares Outstanding (5/10/23)	50.9 M	Bid-Ask Spread, % Price	3.0%
	Recent Price (5/24/23)	\$1.31	52 Week High/Low	\$1.81 - \$0.77
	Market Capitalization	\$ 43.77 M	Shares Outstanding	50.90 M
	+ Debt	-0- M	Inside Ownership	2.1%
	- Cash	39.70 M	Institutional Ownership	10.0%
	Enterprise Value	\$ 4.07 M	Estimated Flotation	49.83 M
	Book Value	\$140.86 M	Average Daily Volume	411 K
	Working Capital	\$ 22.69 M	Short Interest, % of Float	1.00%
	Dividend	Nil	Beta	1.60
<p><i>Balance sheet figures as of 3/31/23</i></p>		<p><i>Source: Bloomberg LP</i></p>		
<p><b>INVESTMENT RETURNS</b></p>			<p><b>FINANCIAL PROFILE</b></p>	
	WWR	Sector*	FY21	FY22
Return on Equity	Neg	9.61%	Sales \$ 0.0 M	\$ 0.0 M
Return on Assets	Neg	4.84%	EBITDA (\$18.1) M	(\$12.0) M
Return on Capital	Neg	4.97%	(L)EPS (\$0.49)	(\$0.25)
<p><i>Source: Crystal Equity Research, CSI Markets</i></p>			<p><i>Source: Company Reports</i></p>	

**HIGHLIGHTS**

- Development Partner.** Electric vehicle battery manufacturer SK On was announced as a development partner and potential customer for all production of the proprietary *Coated Spherical Purified Graphite* from Westwater’s graphite materials production facility near Kellyton, AL.
- Graphite Processing Plant.** The project to construct a battery-grade graphite materials processing plant continues with completion of planned structures and beginning of interior finishing work.
- Debt Financing.** During the first quarter earnings conference call management indicated continued progress toward \$150 million in debt financing facility to support completion of a graphite processing facility currently under construction.
- Discontinuation of Coverage.** We are discontinuing research coverage of WWR for reasons unrelated to fundamental developments. Our estimates, valuation and price target are withdrawn.

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INDUSTRY: INDUSTRIAL, ENERGY MATERIALS

WWR: NYSE-Amer

## RECENT DEVELOPMENTS

South Korea's SK On was disclosed as Westwater Resources' new development partner for battery anode materials. SK On is a leading manufacturer of electric vehicle batteries, having been spun off in 2021 from its parent SK Innovation Co. Ltd (096770: KS). SK On claims orders for electric vehicle batteries in excess of 1,000 gigawatts and has set a goal of reaching 500-gigawatt capacity by 2030. In the announcement Westwater Resources reiterated the potential to sell to SK On all of the Company's planned production of its proprietary *Coated Spherical Purified Graphite* (CSPG). The two companies are currently working jointly to adjust Westwater's CSPG to fit the anode requirements of SK On's batteries. Concurrently, the two are also negotiating final delivery terms and pricing.

During the recent earnings conference call to discuss financial results in the first quarter ending March 2023, Westwater management provided an update on its project to construct and commission a graphite materials processing facility. The project continues with completion of planned structures and beginning of interior finishing work. The Company continues to receive long-lead time equipment such as furnaces.

The Company has spent approximately \$89 million of the currently estimated cost of \$271 million for Phase I of the project. At the end of March 2023, the Company held \$39.7 million in cash resources on its balance sheet, leaving a budget shortfall of \$142 million. Management also indicated the Company continues to negotiate the terms of a private debt financing for \$150 million. The Company current has no debt on its balance sheet.

## RECOMMENDATION

We are discontinuing coverage of Westwater Resources for reasons unrelated to the Company's fundamental developments and without change in our views. However, our estimates of future financial performance, valuation and target price for WWR are withdrawn.

## VALUATION

Price/Sales	Neg
Price/Cash Flow	Neg
Price/EPS	Neg
Price/Book Value	0.31 X
Consensus EPS 2023	na
Forward PE	na

Per share figures estimated 3/31/23

## OPERATING PROJECTIONS

	<u>2021A</u>	<u>2022A</u>	<u>1Q 2022</u>	<u>1Q 2023</u>
Sales	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Operating (Loss)	(\$18.2)	(\$12.13)	( 2.8)	( 3.1)
Net Inc (Loss)	(\$16.1)	(\$11.12)	( 2.8)	( 2.4)
CFO (U)	(\$16.9)	(\$13.18)	( 2.7)	( 2.9)
EPS (LPS)	(\$0.49)	(\$0.25)	(\$0.05)	(\$0.05)

Dollars in millions except per share earnings

Company Reports

Table I: Historic and Projected Annual Financial Performance

Dollars in Thousands	2021A Yr	2022A Yr	1Q 2022 Qtr	1Q 2023 Qtr
Total revenue	-	-	-	-
Gross profit	-	-	-	-
Operating expenses:				
General and administrative	12,120	10,800	2,353	2,402
Product development and other	5,975	1,145	233	490
Depreciation and amortization	20	146	22	48
Mineral property expenses	110	34	208	66
Accretion of asset retirement obligations	-	-	-	-
Total operating expenses	18,225	12,125	2,816	3,006
Operating income (loss)	(18,225)	(12,125)	(2,816)	(3,006)
Other income and expenses				
Interest expense	-	-	-	-
Gain (loss) on sale of assets	2,057	-	-	-
Other	24	1,004	7	616
Total other income (expense)	2,081	-	7	616
Income (loss) before income taxes	(16,144)	(11,121)	(2,809)	(2,390)
Income taxes (benefit)	-	-	-	-
Net income (loss)	(16,144)	(13,889)	(2,809)	(2,390)
Net EPS (LPS), comprehensive	\$ (0.49)	\$ (0.25)	\$ (0.08)	\$ (0.05)
Wtd shares outstanding, diluted in 000s	32,653	49,909	36,757	49,443

Source: Company Reports and Crystal Equity Research Estimates

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## ANALYST

Debra Fiakas, CFA is a seasoned, credentialed investment professional with a diversified and successful track record as a research analyst and as an investment banker. Her decade-plus career includes solid experience in all aspects of the equity capital markets with particular emphasis on emerging growth companies operating in the technology sectors. Ms. Fiakas is also the principal member of Crystal Equity Research, LLC.

## ANALYST CERTIFICATION

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## RATING SYSTEM

Buy	Price appreciation expected 10% or more over a 12-month period.
Hold	Price appreciation/depreciation expected between 10% and -10% over 12 months.
Sell	Price depreciation expected 10% or more over a 12-month period.

## CRYSTAL RESEARCH UNIVERSE

Buys	70%
Holds	20%
Sells	10%
Total	100%

## HISTORICAL RECOMMENDATIONS AND TARGET PRICE: Westwater Resources / WWR

<u>Report</u>	<u>Date</u>	<u>Price</u>	<u>Rating</u>	<u>Target Price</u>
Previous reports by request				
Update	2/24/2022	\$1.94	Buy	\$20.00
Update	4/29/2022	\$1.33	Buy	\$20.00
Update	5/17/2022	\$1.17	Buy	\$20.00
Update	8/22/2022	\$1.50	Buy	\$20.00
Update	11/17/22	\$1.12	Buy	\$20.00
Update	1/11/23	\$1.00	Buy	\$20.00
Update	3/10/23	\$1.31	Buy	\$15.00
Final	5/25/23	\$0.86	Withdrawn	Withdrawn

**DISCLOSURES**

<u>Name</u>	<u>Symbol: Exchange</u>	<u>Disclosures</u>
Westwater Resources, Inc.	WWR: NYSE/Amer	D

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- D Crystal Equity Research, LLC received compensation for research coverage from the company or one of its agents. The fees are paid in advance in cash.
- E The company has a convertible issue outstanding.
- F The securities covered in this report can be optioned.
- G The securities covered in this report can be margined.

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