Risk Factors Comparison 2024-03-19 to 2023-03-06 Form: 10-K

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Our business activities are subject to significant risks, including those described below. Every investor or potential investor in our securities should carefully consider these risks. If any of the described risks actually occurs, our business, financial position and results of operations could be materially adversely affected. Such risks are not the only ones we face and additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. Risks Related to Our Business There is substantial doubt about our ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. This assumes continuing operations and the realization of assets and liabilities in the normal course of business. We have incurred significant losses since ceasing production of uranium in 2009 and expect to continue to incur losses as a result of costs and expenses related to maintaining our properties and general and administrative expenses. As of December 31, ~~2022~~ **2023** , we had ~~a~~ net working capital of approximately $ ~~51~~ **3** . ~~0~~ **8** million, cash of approximately $ ~~75~~ **10** . ~~2~~ **9** million and an accumulated deficit of approximately $ ~~353~~ **361** . ~~3~~ **0** million. As a result of our evaluation of the Company' s liquidity for the next twelve months, we have included a discussion about our ability to continue as a going concern in our consolidated financial statements, and our independent auditor' s report for **the** year ended December 31, ~~2022~~ **2023** includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a " going concern. " Our capital needs have, in recent years, been funded through sales of our debt and equity securities. In the event that we are unable to raise sufficient additional funds, we may be required to **further** 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. Our business could be negatively impacted by inflationary pressures, which may result in increased costs of operations and negatively impact our ability to access capital. The U. S. ~~has~~ experienced rising inflation in 2022 **and 2023** and U. S. inflation is currently at a ~~40- year~~ high **level** . This inflation has resulted in an increase in our costs for labor, services, and materials. Further, our suppliers face inflationary impacts such as the tight labor market and supply chain disruptions, that could increase the costs to construct and commission the Kellyton Graphite Plant, explore and develop the Coosa Graphite Deposit, and conduct our day- to- day operations. The rate and scope of these various inflationary factors may increase our operating costs materially, which may not be readily recoverable, and have an adverse effect on our costs, operating margins, results of operations and financial condition. Further, sustained inflation has caused and may continue to cause the Federal Reserve Board to raise the target for the federal funds rate, which correspondingly causes ~~an increase~~ **increased** ~~in~~ interest rates. Increased interest rates could have a negative effect on the securities markets generally which may, in turn, have a material adverse effect on the Company' **s** ~~sability~~ - **ability** to access capital, particularly debt financing, and the market price of equity securities, including the Company' s common stock, which usually decrease as interest rates rise. To the extent that we access debt financing or issue variable interest rate instruments in the future, any increase in interest rates would increase our cost of borrowing and our interest expense. We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability ~~and an~~ **– particularly, the** ongoing military conflict between Russia and Ukraine **and the unrest in the Middle East** . Our business, financial condition and results of operations could be materially adversely affected by any negative impact on the global economy and capital markets resulting from ~~the~~ **these** ~~conflict~~ **conflicts** ~~in Ukraine~~ and geopolitical tensions. The ongoing military ~~conflict~~ **conflicts** ~~in Ukraine has~~ **and geopolitical tensions have** caused broad disruption. Although the length, impact and outcome of **those** ~~that military conflict~~ **conflicts** ~~in Ukraine~~ is highly unpredictable, ~~it~~ **any one of the conflicts** could lead to significant ~~market~~ **marketand** ~~and~~ other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, higher inflation, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increases in cyberattacks and espionage. While we expect any direct impacts to our business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect our business and may make it more difficult for us to raise equity or debt financing. In addition, the impact of other current macro- economic factors on our business, which may be exacerbated by the **conflicts** ~~war in Ukraine-~~ including inflation, supply chain constraints and geopolitical events- is likely to have an adverse effect on our business. We face a variety of risks related to our planned battery- graphite manufacturing business. We plan to develop a battery- graphite manufacturing business that produces low- cost, high- quality, and high- margin graphite products for battery manufacturers. The planned battery- graphite manufacturing business is significantly different from our historic mining operations and carries a number of risks, including, without limitation: ● unanticipated liabilities or contingencies ~~, including those related to intellectual property~~ ; ● the need for additional capital and other resources to expand into the battery- graphite manufacturing business; ● competition from better- funded public and private companies, including from producers of synthetic graphite, and competition from foreign companies that are not subject to the same environmental and other regulations as the Company; ● difficulty in hiring personnel or acquiring the intellectual property rights and know- how needed for the proposed battery- graphite manufacturing business; and ● the potential for interruptions in our sources of graphite prior to operation of the Coosa Graphite Deposit due to environmental risks, geopolitical unrest, supply chain disruptions and transportation risks, and regulatory changes. Entry into a new line of business may also subject us to new laws and regulations with which we are not familiar and may lead to increased litigation and regulatory risk. Further, our battery- graphite manufacturing business model and strategy are still evolving and are continually being reviewed and revised, and we may not be able to successfully implement our business model and strategy. We may not be able to produce graphite with the characteristics needed for battery production, and we may not be able to attract a sufficiently large number of customers. Although we have gained experience over the past several years, neither the Company nor any member of its management team has directly engaged in producing graphite before, and our lack of this specific experience may result in delays or further complications to the new business. If we are unable to successfully implement our new battery- graphite manufacturing business, our revenue and profitability may not grow as we expect, our competitiveness may be materially and adversely affected, and our reputation and business may be harmed. ~~21In~~ **In** developing our planned battery- graphite manufacturing business, we have and will continue to invest significant time and resources. Initial timetables for the development of our battery- graphite manufacturing business may not be achieved. Failure to successfully manage these risks in the development and implementation of our new battery- graphite manufacturing business could have a material adverse effect on our business, results of operations and financial condition. The construction and operation of the Kellyton Graphite Plant is subject to delays, cost overruns, ~~or~~ **and** may not produce expected benefits. Construction projects similar to our plant construction are subject to broad and strict government supervision and approval procedures, including but not limited to project approvals and filings; construction, land and project planning approvals; environment protection approvals; pollution discharge permits; work safety approvals; and the completion of inspection and acceptance by relevant authorities. As a result, construction and operation of the Kellyton Graphite Plant ~~may~~ **23may** be subject to administrative uncertainty, fines or the suspension of work on such projects. Construction delays related to the Kellyton Graphite Plant or failure to operate the Kellyton Graphite Plant in accordance with agreements with the State of Alabama and local municipalities could result in the loss of otherwise available tax credits and incentives. Delays or cost overruns could also result from inaccuracies in the estimates and findings in the DFS; difficulties in negotiation of construction contracts; challenges with managing contractors and vendors; subcontractor performance; adverse weather conditions and natural disasters; increased costs, shortages, or inconsistent quality of equipment, materials, and labor; judicial or regulatory action; nonperformance under construction or other agreements; engineering or design problems; ~~negative impacts of the COVID~~ **initial production, plant start** - ~~19 pandemic or~~ **up, and operating risks;** future pandemic health events; work stoppages; environmental and geological conditions; or challenges with start- up activities and operational performance. To the extent we are unable to successfully complete construction on time or at all, our ability to develop the Kellyton Graphite Plant could be adversely affected, which in turn could have a material adverse effect on our business, growth prospects, results of operations and financial condition. The Company is not producing any products at a commercial scale at this time. As a result, we do not currently have a reliable source of operating cash. If we cannot successfully transition to commercial scale production of graphite and vanadium, partner with another company that has cash resources, find other means of generating and / or access additional sources of private or public capital, we may not be able to remain in business. We do not have a committed source of financing for the development of our graphite or vanadium projects. While we have spent **cash of** approximately $ ~~55~~ **113** . ~~3~~ **9** million through December 31, ~~2022~~ **2023** , the remaining capital expenditures to construct Phase I of the Kellyton Graphite Plant are currently estimated at approximately $ ~~215~~ **157** . ~~7~~ **1** million, which amount has increased as a result of the optimization of Phase I of the Kellyton Graphite Plant, and delays in constructing the commercial scale processing facility and other cost overruns may increase that estimate. As of December 31, ~~2022~~ **2023** , we have approximately $ ~~75~~ **10** . ~~2~~ **9** million in cash, and there can be no assurance that we will be able to obtain financing on commercially reasonable terms, if at all, for the remainder of the amount needed to construct Phase I of the Kellyton Graphite Plant or develop our properties. Our inability to construct the Kellyton Graphite Plant or develop our properties would have a material adverse effect on our future operations. We have incurred losses and have had no revenue from operations since 2009, and we expect to continue to incur losses until the Kellyton Graphite Plant becomes operational, which is anticipated to occur in ~~2024~~ **2025** but could be subject to delays. We have no way to generate cash inflows outside of financing activities and we will continue to incur operating losses until we begin graphite and / or vanadium production on a scale sufficient to generate ~~revenues~~ - **revenue** to fund continuing operations, which cannot be assured. Our future production of purified graphite products is dependent on completion of the Kellyton Graphite Plant and successful implementation of graphite purification technology. Our future mining of graphite and vanadium is dependent upon the completion of an evaluation that will assess the amount, location and size of graphite and vanadium concentrations at our Coosa Graphite Deposit. We can provide no assurance that we will successfully produce graphite or vanadium on a commercial scale, that our properties will be placed into production or that we will be able to continue to find, develop, acquire and finance additional mineral resources or reserves. If we fail to reach commercial scale production and cannot find other means of generating revenue other than producing graphite and ~~22vanadium~~ -- **vanadium** and / or access additional sources of private or public capital, we may not be able to remain in business and holders of our securities may lose their entire investment. Volatility in graphite and vanadium prices may result in the Company not receiving an adequate return on invested capital. Unless and until the Company produces natural graphite from the Coosa Graphite Deposit, ~~which is not projected to occur until the end of 2028,~~ the Company will be exposed to fluctuations in the price of natural flake graphite, which may increase substantially as the demand for graphite increases. In addition, the Company' s graphite and vanadium exploration and development activities may be significantly adversely affected by volatility in the price of graphite or vanadium. The success of our mining operations and ability to achieve positive cash flow is dependent on our ability to develop our properties and then operate them at a profit sufficient to finance further mining activities and for the acquisition and development of additional properties. Any profit will necessarily be dependent upon, and affected by, the long and short- term market prices of graphite and vanadium. Mineral ~~prices~~ **24prices** fluctuate widely and are affected by numerous factors beyond the Company' s control such as global and regional supply and demand, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, and the political and economic conditions of mineral- producing countries throughout the world. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company' s graphite and vanadium activities not producing an adequate return on invested capital to be profitable or viable. In addition, a significant, sustained drop in graphite and vanadium prices would cause us to recognize impairment of the carrying value of our graphite and vanadium or other assets, which could have an adverse impact on the Company' s financial conditions and results of ~~operationsOur~~ --- **operations. Our** operations are subject to environmental risks. We are required to comply with environmental protection laws, regulations and permitting requirements in the United States, and we anticipate that we will be required to continue to do so in the future in connection with the construction and operations at our Kellyton Graphite Plant and Coosa Graphite Deposit. We have expended significant resources, both financial and managerial, to comply with environmental protection laws, regulations and permitting requirements, and we anticipate that we will be required to continue to do so in the future. The material environmental laws and regulations within the U. S. include the Clean Air Act, Clean Water Act, Safe Drinking Water Act, Federal Land Policy Management Act, National Park System Mining Regulations Act, ~~the State Mined Land Reclamation Acts, and~~ State Department of Environmental Quality regulations, ~~and the~~ rules and regulations of the NEPA, ~~the~~ National Pollution Discharge Elimination System (NPDES) **,** and Section 404 of the Clean Water Act (CWA) as applicable. We cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation, generally, is toward stricter standards, and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, reclamation, waste handling and disposal, the protection of certain species, the preservation of certain lands, and epidemics and pandemics to the degree they impact us or our activities. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect our results of operations and business or may cause material changes or delay to our intended activities. Our operations may require additional analysis in the future including environmental, cultural and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. We cannot provide assurance that we will be able to obtain or maintain all necessary permits that may be required to continue our operation or exploration of our properties or, if feasible, to commence development, construction or operation of production or mining facilities at such properties on terms which enable operations to be conducted at economically justifiable costs. If we are unable to obtain or maintain permits or water rights for development of our properties or otherwise fail to manage adequately future environmental issues, our operations could be materially and adversely affected. ~~23Competition~~ -- **Competition** from better-capitalized companies affects prices and our ability to acquire both properties and personnel. There is global competition for capital, graphite and vanadium customers, and qualified personnel. In the production and marketing of graphite and vanadium, there are a number of producing entities, some of which are government controlled and most of which are significantly larger and better capitalized than we are. Many of these organizations also have substantially greater financial, technical, manufacturing and distribution resources than we have. If we are unable to compete effectively in any of these areas, our ability to operate could be materially and adversely affected. ~~Because~~ **25Because** we have limited capital, inherent manufacturing and mining risks pose a significant threat to us compared with our larger competitors. Because we have limited capital, we may be unable to withstand significant losses that can result from risks associated with manufacturing and mining activities, including environmental hazards, industrial accidents, flooding, earthquake, pandemics, interruptions due to weather conditions and other acts of nature that larger competitors could more easily withstand. Such risks could result in damage to or destruction of our infrastructure and production facilities, as well as to adjacent properties, personal injury, environmental damage and processing and production delays, causing monetary losses and possible legal liability. We are dependent on experts and subject to workforce factors that could affect operations. Our business and mineral exploration and processing programs depend upon our ability to employ the services of geologists, engineers and other experts. In operating our business and in order to continue our operations, we compete with other mineral exploration and processing companies and businesses for the services of professionals. Our ability to maintain and expand our business and continue our development of the Kellyton Graphite Plant and the Coosa Graphite Deposit may be impaired if we are unable to continue to engage those parties currently providing services and expertise to us or identify and engage other qualified personnel to do so in their place. We must attract, train and retain a workforce to meet future needs for the development of the Kellyton Graphite Plant and the Coosa Graphite Deposit. To retain key employees, we may face increased compensation costs, including potential new incentive stock grants and there can be no assurance that the incentive measures we implement will be successful in helping us retain our key personnel. Increased costs and reduced supply of labor may lead to operating challenges. Failure to hire and adequately train employees and retain key employees may adversely affect the Company' s ability to manage and operate its business. Our patent and other protective measures may not adequately protect our proprietary intellectual property, and we may be infringing on the rights of others. Our intellectual property **, which** is ~~directed~~ **primarily related** to our proprietary rights to an improved method for the purification of graphite concentrate **, is important to our business** . We have filed patent applications in the United States, and we generally enter into confidentiality and invention agreements with our employees and consultants. We can make no assurances that a patent application will result in an issued patent and our failure to secure rights under the patent application may limit our ability to protect the intellectual property rights at the core of our proposed graphite production business. In addition, such patent protection and agreements and various other measures we take to protect our intellectual property from use by others may not be effective for various reasons generally applicable to patents and their granting and enforcement. In addition, the costs associated with enforcing patents, confidentiality and invention agreements or other intellectual property rights may be expensive. Our inability to protect our proprietary intellectual property rights or gain a competitive advantage from such rights could harm our ability to generate ~~revenues~~ - **revenue** and, as a result, our business and operations. We could also become subject to litigation claiming that our intellectual property or proprietary information infringes the rights of a third party. In that event, we could incur substantial defense costs and, if such litigation is successful, we could be required to pay the claimant damages and royalties for our past and future use of such intellectual property or proprietary information, or we could be prohibited from using it in the future, which could prevent us from pursuing our graphite production business, or we could be required to modify our process and facilities. Our inability to use our ~~24intellectual~~ -- **intellectual** property and proprietary information on a cost-effective basis in the future could have a material adverse effect on our revenue, cash flow and profitability. ~~Pandemics~~ **26Pandemics** , epidemics or disease outbreaks, including the novel coronavirus (COVID- 19 virus), may disrupt our business, supply chains and the business of our business partners, which could materially affect our operations, liquidity and results of operations. We face various risks related to health epidemics, pandemics and similar outbreaks, including the global outbreak of coronavirus (" COVID- 19 "). The ~~continued~~ spread of COVID- 19 ~~has~~ led to disruption and volatility in the global capital markets, which ~~increases~~ **increased** the cost of capital and **had an** ~~adversely~~ -- **adverse** ~~impacts~~ - **impact on** our access to capital. If significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures or other restrictions in connection with **any** ~~the COVID- 19~~ pandemic, our operations will likely be impacted. In addition, our costs may increase as a result of **pandemics** ~~the COVID- 19 outbreak~~ . These cost increases may not be fully recoverable or adequately covered by insurance. The ~~COVID- 19 pandemic continues to evolve, and the~~ extent to which ~~the~~ **any** pandemic may impact our business, financial condition, liquidity, results of operations and prospects **is** ~~will depend highly on future developments, which are very~~ uncertain and cannot be predicted with confidence. **Any reduction, elimination, or discriminatory application of government subsidies and economic incentives because of policy changes, or the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle or other reasons, may result in the diminished competitiveness of the alternative fuel and electric vehicle industry generally, and a resulting decrease in the demand for our graphite products by automotive manufacturers. While certain tax credits and other incentives for alternative energy production, alternative fuel, and electric vehicles are currently and have been available in the past, there is no guarantee these programs will be available in the future. For example, the IRA provides a 10 % tax credit for the costs of producing certain critical minerals, including graphite and vanadium. In addition, a key provision of the IRA that could indirectly benefit the Company is the Clean Vehicle credit.** The **IRA eliminates** ~~timing and amount of compensation relating to~~ the ~~revocation of~~ **previous limitation on** the ~~mining and exploration licenses~~ **number of electric vehicles a manufacturer can sell before the Clean Vehicle credit is phased out or eliminated. Further, the IRA sets a minimum domestic content threshold** for ~~our Temrezli and Sefaatli projects is yet to be determined. 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 Sefaatli projects located in Turkey had been revoked and potential compensation would be proffered. In 2018, Westwater 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 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, seeking damages and other~~ -- **the percentage of** ~~relief. On December 21, 2018, ICSID advised that it had formally " registered "~~ the **value of applicable critical minerals contained** ~~Request for Arbitration. On March 11, 2020, Turkey filed a request to bifurcate the arbitration proceeding, and on March 30, 2020, Westwater filed a response~~ in ~~opposition to Turkey~~ **the battery of the electric vehicles. Moreover, if a vehicle battery** ' s ~~request~~ **critical minerals were extracted, processed or recycled by a " foreign entity of concern, " such as China, the tax credit would not apply. This risk is particularly heighted during federal election years, including 2024, because such tax credits and existing trade policy are subject to heightened political scrutiny and uncertainty. A new Presidential administration or changing legislative priorities could materially alter legislation and laws, governmental regulations and policies supporting electric vehicles and climate change programs resulting in a materially adverse effect on our business and growth strategy. Any future changes to tax incentives that make it less likely** for ~~bifurcation. On April 28~~ **electric vehicles in which our CSPG products are an integrated component to qualify for such incentives could have a material adverse effect on our business** , ~~2020~~ **prospects** , **financial condition, results of operations, and cash flows. Additionally, federal, state and local laws may impose additional barriers to electric vehicle adoption, including additional costs. For example, many states have enacted or proposed laws imposing additional registration fees for certain hybrids and electric vehicles to support transportation infrastructure, such as highway repairs and improvements, which have traditionally been funded through federal and state gasoline taxes. Any of** the ~~arbitral tribunal denied Turkey~~ **foregoing could materially and adversely affect the growth of the alternative fuel automobile markets – which we intend to support through the supply of our graphite products for high- capacity batteries – and resultingly, our business, prospects, financial condition, results of operations, and cash flows. Because of our focus on producing and supplying low- cost, high- quality, and high- margin battery- grade natural graphite products for battery manufacturers, our future growth will be partially dependent on the demand for, and upon consumer** ' s ~~bifurcation request~~ **willingness to adopt electric vehicles** . **The electric vehicle market is rapidly evolving and** ~~On May 13, 2020, Turkey filed with the~~ **there** ~~arbitral tribunal a request~~ **are several factors that may influence the adoption of electric vehicles including: 27 • perceptions about electric vehicle quality** , **safety** ~~which Westwater elected not to oppose~~ , **design, performance and cost, especially if negative events or accidents occur that are linked** to ~~extend~~ **the quality or safety of electric vehicles resulting in adverse publicity and harm to consumer perceptions of electric vehicles generally; • perceptions about vehicle safety in general, in particular safety issues that may be attributed to the use of advanced technology including electric vehicle systems; • the quality and availability of electric vehicle charging stations; • the costs and challenges of installing home charging equipment, including for multi- family, rental and densely populated urban housing; • the higher initial upfront purchase price of electric vehicles, despite lower cost of ongoing operating**

and maintenance costs, compared to ~~the~~ **other vehicles; and • the environmental consciousness of consumers, and their adoption of electric vehicles. Reductions or changes to tariffs or changes to existing regulations regarding global trade could decrease demand for our products. In 2019, the Trump administration announced tariffs on goods imported from China. To** date **, the Biden administration has made no significant changes to these tariffs** on ~~which~~ **Chinese goods. Additionally, in December 2023,** ~~their~~ -- **the** ~~Counter~~ **U. S. Department of the Treasury and the U. S. Department of Energy released interpretive guidance regarding the scope and application of FEOC** - **related restrictions in** ~~Memorial must be filed (and to change dates for subsequent pleadings as well as document production and witness identification deadlines), which the tribunal approved on June 3, 2020. As a result of these~~ -- **the IRA** ~~decisions by the tribunal, Turkey filed its Counter- Memorial on September 14, 2020~~ . **Most importantly** ~~The hearing on the substantive issues and damages occurred in the third quarter of 2021 and the Company is awaiting a formal ruling on the matter. While the Company intends to continue to seek full and fair compensation for the licenses through arbitration with ICSID~~ , the **guidance identified** ~~timing of such compensation cannot yet be determined. In addition,~~ the **People** ~~Company can provide no assurance about the amount of compensation, if any, and an adverse result could have an adverse impact on the Company~~ ' s ~~financial conditions~~ **Republic of China as** ~~and~~ - **an FEOC. These regulations are important because, starting in 2025, any vehicle whose batteries contain critical minerals – including graphite – that were extracted or processed in any manner, and to any degree, by an FEOC – including China – will be ruled ineligible for the Clean Vehicle Tax credit of $ 7, 500 under section 30D of the Internal Revenue Code. As a** ~~results~~ - **result** ~~of operations~~ **, an FEOC must be excluded from a vehicle battery' s supply chain in order for the vehicle to be eligible for the tax credit** . **However, reductions or changes to existing tariffs or any material changes to the IRA or related interpretative guidance on regarding FEOC could result in a reduction of demand for our products.** ~~25Risks~~ -- **Risks** Related to Exploration and Mining ActivitiesOur **Coosa** property is in the exploration stage. There is no assurance that we can establish the existence of any Mineral Reserve on the property in commercially exploitable quantities. Until we can do so, we cannot earn any ~~revenues~~ - **revenue** from the property, and if we do not do so, and are unable to enter into a joint venture or sell the property, we will lose all of the funds that we expend on exploration. If we do not discover any Mineral Reserves in a commercially exploitable quantity, our business could be adversely impacted. We have established Mineral Resources at the Coosa Graphite Deposit but have not established any Mineral Reserves according to recognized reserve guidelines, nor can there be any assurance that we will be able to do so. A Mineral Reserve is defined by the SEC in ~~its~~ S- K 1300 as that part of a mineral deposit, which could be economically and legally extracted or produced at the time of the reserve determination. There is no guarantee that a deposit will also be a" reserve" that meets the requirements of S-K 1300. If Mineral Reserves on our property are established in the future, there can be no assurance that the property can be developed into a producing mine to extract those minerals. Both mineral exploration and development involve a high degree of risk. Exploration and development of graphite and vanadium properties are risky and subject to great uncertainties. The exploration for and development of graphite and vanadium deposits involve significant risks. It is impossible to ensure that the current and future exploration programs on our existing properties will establish reserves. Whether an ore body will be commercially viable depends on a number of factors, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; graphite and vanadium prices, which cannot be predicted and which have been highly volatile in the past; mining, processing and transportation costs; perceived levels of political ~~risk~~ **28risk** and the willingness of lenders and investors to provide project financing; availability of labor, labor costs and possible labor strikes; availability of drilling rigs; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection, employment, worker safety, transportation, and reclamation and closure obligations. Most exploration projects do not result in the discovery of commercially mineable deposits of minerals and there can be no assurance that any of our exploration stage properties will be commercially mineable or can be brought into production. The extent of the Company' s vanadium mineral reserves at the Coosa Graphite Deposit is unknown and may not be in sufficient quantities to make its extraction and processing economically feasible. The Company discovered vanadium concentrations at the Coosa Graphite Deposit and is executing an exploration plan to further investigate the size and extent of those concentrations. While there can be no assurance that the extent of those concentrations will end up being economically feasible, even if the Company finds vanadium in sufficient quantities to warrant recovery, it ultimately may not be recoverable. Finally, even if any vanadium is recoverable, the Company does not know whether recovery can be done at a profit. Our vanadium activities are highly prospective, face a high risk of failure and may not result in any benefit to the Company. Potential investors should be aware of the difficulties normally encountered by new mineral exploration ventures and the high rate of failure of such ventures. The likelihood of success of the Company' s vanadium exploration activities must be considered in light of the potential problems, expenses, difficulties, complications and delays encountered in connection with the exploration of new mineral properties. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its new vanadium claims may not result in the discovery of new vanadium deposits. Problems such as unusual or unexpected formations and other conditions are encountered in new mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company' s new exploration ventures do not reveal viable commercial mineralization, it may decide to abandon its claims. If this happens, the Company will not benefit from any of the expenditures it will incur in pursuing the claims. ~~26The~~ -- **The** Company does not have and may not be able to obtain surface or access rights to all or a portion of the Coosa Graphite Deposit. Although the Company has rights to the minerals in the ground at the Coosa Graphite Deposit, the Company does not have rights to, or ownership of, the ground surface of the areas covered by its mineral rights. While applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, the enforcement of such rights through the courts can be costly and time consuming. It may be necessary for the Company to negotiate surface access or to purchase the surface rights if long- term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry- on mining activities, the Company will be able to negotiate satisfactory agreements with any ~~such~~ existing **or future** landowners / occupiers for such access or purchase such surface rights, and therefore ~~it~~ **we** may be unable to carry out planned exploration or mining activities at the Coosa Graphite Deposit. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate at the Coosa Graphite Deposit. Because mineral exploration and development activities are inherently risky, we may be exposed to environmental liabilities and other dangers. If we are unable to maintain adequate insurance, or liabilities exceed the limits of our insurance policies, we may be unable to continue operations. The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, cave- ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are some of the risks involved in extraction operations and the conduct of exploration programs. Previous mining operations may have caused environmental damage at certain of our properties. It may be difficult or ~~impossible~~ **29impossible** to assess the extent to which such damage was caused by us or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective. Although we carry property and liability insurance with respect to our mineral development and exploration operations, we may become subject to liability for damage to life and property, environmental damage, cave- ins or hazards against which we cannot insure or against which we may elect not to insure because of cost or other business reasons. In addition, the insurance industry is undergoing change and premiums are increasing. Material uninsured environmental or similar liabilities could cause us to be forced to cease operations. Title to the Coosa Graphite Deposit may be subject to defects in title or other claims, which could affect our property rights and claims. There are risks that title to the Coosa Graphite Deposit may be challenged or impugned. There may be valid challenges to the title of the Coosa Graphite Deposit which, if successful, could impair development or operations. This is particularly the case because we hold our interest solely through leases, as such interest is substantially based on contract as opposed to a direct interest in the property. The lease agreements pursuant to which the Company has interests in the Coosa Graphite Deposit provide that the Company must make a series of cash payments over certain time periods. Failure by the Company to make such payments in a timely fashion may result in the Company losing its interest in the Coosa Graphite Deposit. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain the lease agreements in good standing, or to be able to comply with all of its obligations thereunder, which could result in the Company forfeiting its interest in the Coosa Graphite Deposit. ~~27Risks~~ -- **Risks** Related to Ownership of Our Common StockOur stock price has been and may continue to be volatile and may fluctuate significantly, which may adversely impact investor confidence and results and increase the likelihood of securities class action litigation. Our common stock price has experienced substantial volatility in the past and may remain volatile in the future. During ~~2022~~ **2023** , the sale price of our common stock ranged from a high of $ ~~2~~ **1** . ~~41~~ **31** per share to a low of $ 0. ~~78~~ **49** per share. Volatility in our stock price can be driven by many factors including, but not limited to, general market conditions, market conditions in the energy materials industry, announcements that we may make regarding our business plans or strategy, including announcements concerning our anticipated battery- graphite business, the substantial increase in the sale and issuance of shares of our common stock to finance our operations and the accuracy of expectations and predictions of financial analysts and the market as they pertain to our future business prospects. In addition, the price of our common stock may increase or decrease substantially for reasons unrelated to our operating performance or prospects. If our common stock continues to experience substantial price volatility, any shares investors purchase may rapidly lose some or substantially all of their value. Shareholders of a public company sometimes bring securities class action suits against the company following periods of instability in the market price of that company' s securities. If we were involved in a class action suit, it could divert a significant amount of our management' s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay damages, which could have a material adverse effect on our results of operations and financial condition. Furthermore, our ability to raise funds through the issuance of equity or otherwise use our common stock as consideration is impacted by the price of our common stock. A low stock price may adversely impact our ability to fund our operating and growth plans, including Phase I of the Kellyton Graphite Plant, which would harm our business and prospects. **30** ~~The Company has no history of paying dividends on its common stock, and we do not anticipate paying dividends in the foreseeable future. The Company has not previously paid dividends on its common stock. We currently anticipate that we will retain all of our available cash, if any, for use as working capital and for other general corporate purposes. Any payment of future dividends will be at the discretion of our Board of Directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our Board of Directors deems relevant. Investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Terms of subsequent financings may adversely impact holders of our securities. In order to finance our future production plans and working capital needs, we may have to raise funds through the issuance of equity or debt securities. Depending on the type and the terms of any financing we pursue, holders of our securities' rights and the value of their investment in our common stock could be reduced. A financing could involve one or more types of securities including common stock, convertible debt or warrants to acquire common stock. These securities could be issued at or below the then prevailing market price for our common stock. We currently have no authorized preferred stock. In addition, if we issue secured debt securities, the holders of~~

~~the debt would have a claim to our assets that would be senior to the rights of holders of our other securities until the debt is paid. Interest on these debt securities would increase financing and interest costs and could negatively our impact our operating results. If the issuance of new securities results in diminished rights to holders of our common stock, the market price of our common stock could be negatively impacted. 28~~