

February 28, 2019



Aqua Metals Announces 2018 Results

Enters Partnership with Veolia North America Regeneration Services to Drive Scaling of the AquaRefinery and Expand AquaRefining Technology into Battery Recycling Centers Across the Globe

Recent Highlights:



An additional kettle (far left) has been installed to process the metallic lead from the batteries we break. Ingots casted from this kettle will initially provide up to 25% increase in ingot production thus increasing revenue beyond what we receive now for selling the metallic lead as scrap metal. This is another step in bringing us closer to achieving positive contribution margin.



The membrane filter press has been a complex installation (concrete footing, steel structures, electrical, plumbing and controls) and is currently going through the commissioning process. We expect this piece of equipment to have a positive impact on throughput and contribution margin when it is fully operational in late Q1 by bringing us from the 67%, already achieved, to 75% of our electrolyte recovery goal.



An additional transformer has been installed providing more power to support Phase 1 and Phase 2 electrolyte management projects which includes a membrane filter press, centrifuge and the Phase 2 a dryer that will be used to achieve the remaining 25% of our electrolyte recovery goal.



Great progress has been made in our water recovery facility. It is currently in the commissioning process and we will gain significant savings starting in Q1 by recycling water used in plant operations. Once fully operational, we expect this project to make Aqua Metals a water neutral facility.

- Installation of Phase One plant upgrades to recycle and reuse electrolyte and increase contribution margin nearly completed
- All operating processes now connected, from battery breaking through ingoting, in preparation for initial scaling later in Q1 2019
- AquaRefining modules consistently achieved steady state production for weeks at a time
- Phase One electrolyte management projects nearly complete (see photos below)
- Ingot line operational with initial truckloads of AquaRefined lead now shipping directly to battery manufacturing facilities
- Multiple cash-saving initiatives implemented to save \$2.0 to \$2.5 million in 2019
- Equity offering completed in January 2019 for net proceeds of \$9.1 million
- Early payoff of convertible note due May 2019 with Interstate Battery to save \$0.3 million in Q1 and Q2
- Patent portfolio further strengthened across the globe including first patent grant in the European Union providing further protection for our planned global expansion
- Management team enhanced with addition of Judd Merrill as CFO and a strengthened finance team
- Formal performance and incentive systems instituted to attract, retain and motivate industry leading talent

- Board of Directors strengthened with the appointment of Gayle Gibson, former Dupont engineering executive
- Global operations, maintenance and management partnership with Veolia North America Regeneration Services LLC established after months of mutual due diligence

MCCARRAN, Nev., Feb. 28, 2019 (GLOBE NEWSWIRE) -- Aqua Metals, Inc. (NASDAQ: AQMS) ("Aqua Metals" or the "Company"), which is reinventing lead recycling with its AquaRefining™ technology, today announced financial and operational results for its year ended December 31, 2018. The Company also announced that it has [entered into a partnership with Veolia North America Regeneration Services LLC \(Veolia\)](#) and is on track to begin ramping production of its initial four modules by the end of the first quarter of 2019.

"I am very pleased to announce that the Company is on track to achieve a target contribution margin by the end of the first quarter that should allow us to ramp production of ultra-pure AquaRefined lead and other products in a way that is fiscally responsible," stated Steve Cotton, Chief Executive Officer. "We intentionally conserved cash and limited production while we focused on safely completing installation of Phase One and pilot testing of Phase Two capital projects designed to improve the economics of our facility. With significant progress for electrolyte recovery already achieved, the new Phase One equipment including a filter press and centrifuge systems are set to be brought fully online in the next several weeks. With these and other process improvements completed, we will be in a position to achieve full scale production of our initial four modules, including returning to 24x7 staffed operations, by the beginning of the second quarter."

Cotton added; "As we announced today, the Company has entered into an exciting new partnership with Veolia. This long-term agreement will provide valuable and additive expertise as we execute on our business plan and will not only support our goal of operating 16 modules at the AquaRefinery by the end of 2019 but also provide go-to-market support as we seek to deploy our technology on a global basis."

2018 Financial Results

During the year ended December 31, 2018, the Company recognized revenue of \$4.4 million compared to \$2.1 million in 2017. For the fourth quarter of 2018, revenue was \$1.1 million, comparable to the \$1.2 million reported in the third quarter of 2018. Contributing to the more than doubling of revenue in 2018 was increased sales of AquaRefined lead in our product mix as well as having a full year of operations in 2018 versus approximately eight months during 2017. AquaRefined lead sales comprised 16% and 9% of total revenue during the three and twelve months ended December 31, 2018, respectively. The remainder of sales came from the sale of metallics, lead compounds and plastics from lead acid batteries (LABs).

Cost of product sales remained high in 2018 and can be attributed to a number of items, including, but not limited to, a greater loss of electrolyte in the AquaRefining process than we expect to achieve following certain process improvements being brought on-line.

General and administrative expense more than doubled in 2018 to \$14.2 million due to various non-operational items that should not repeat in 2019. These include \$6.5 million in one-time costs including \$2.5 million accrual of key man penalties, \$0.9 million in legal, proxy and solicitation fees related to the shareholder proxy contest settled in April, 2018; \$1.8 million of severance accruals; a net \$0.4 million non-cash charge associated with

modifying a warrant in connection with our settlement agreement with Interstate Battery and a \$0.8 million non-cash write-off of leasehold improvements at our former California location. Without these one-time costs, general and administrative expense would have increased a more nominal 11% in 2018.

For the year ended December 31, 2018, the Company had an operating loss of \$37.0 million including an operating loss of \$12.4 million in the fourth quarter. This compares to an operating loss of \$24.9 million for 2017 and an operating loss of \$6.5 million in the fourth quarter of 2017. The net loss for 2018 was \$40.3 million, or (\$1.18) per diluted share, compared to a net loss of \$26.6 million, or (\$1.31) per diluted share, in 2017. The net loss for the fourth quarter of 2018 was \$13.5 million or (\$0.35) per diluted share and included approximately \$4.2 million of costs that are one time in nature. This compares to \$7.0 million or (\$0.32) per diluted in the year ago quarter.

As of December 31, 2018, the company had \$20.9 million in cash and cash equivalents. In January 2019, the Company received approximately \$9.1 million of net proceeds from a public offering of common shares of which \$6.7 million was used to pay all amounts owed under a Credit Agreement between the Company and a subsidiary of Interstate Battery System International, Inc. The loan was due to mature on May 24, 2019. To preserve cash, multiple cost cutting efforts have been put in place designed to reduce expenses by \$2.0 million to \$2.5 million for 2019.

Outlook for 2019

The Company's execution plan for the remainder of the first quarter includes completing the commissioning of its newly installed filter press and further fine tuning the processes that support expanded AquaRefining in order to demonstrate an acceptable contribution margin and begin to ramp production. First quarter revenue is anticipated to be well below the \$1.1 million reported in the fourth quarter of 2018 and our cash burn will decline as well as these installations and upgrades are completed. A scaled ramp up is anticipated to begin late in the first quarter and accelerate in the second quarter of 2019. As each set of four modules is brought into production, plant operations will need to be further synchronized to meet AquaRefining needs before the next four modules are commissioned and brought on line. Full capacity of 16 modules is currently targeted for the end of 2019.

Ben Taecker, Vice President of Operations, commented, "While we have put in place the equipment and processes required to reach a positive contribution margin, execution is critical to maintaining this margin within the parameters we have extensively modeled alongside our new partner Veolia North America. Our entire operations team remains laser focused on achieving operational excellence to meet our economic goals."

The Company has also installed and commissioned its third kettle which will allow the processing of a portion of hard metallic lead from the batteries it breaks, resulting in up to a 25% increase in finished lead ingots, which it can sell for more than it is currently receiving for un-ingoted hard metallic lead. Additional kettles previously purchased will be installed and commissioned throughout 2019 in conjunction with increased production. Having completed pilot operations and final designs related to Phase Two of its capital program, the Company has ordered the full sized dryer equipment to further boost electrolyte recovery and contribution margin, with benefits likely beginning in the third quarter of 2019.

Cotton added, "This is an exciting time for Aqua Metals and I am extremely proud of our

team and their hard work that has brought us to this key inflection point for the Company. The world's first AquaRefinery is set to begin producing ultra-pure lead in growing quantities and directly supplying battery manufacturing facilities. As part of our commercialization efforts and our capital light strategy, we have been in pursuit of strategic relationships including licensing or co-processing relationships with existing partners and the licensing of our technology and our capability to provision our equipment and services on a global stage. Today's partnership announcement with Veolia facilitates our transition to the next phase of our business strategy which is to become a capital-light technology licensing organization. 2019 is shaping up to be a very eventful year."

Conference Call and Webcast

Aqua Metals will hold a conference call today, on Thursday, February 28, 2019 at 1:30 p.m. PDT (4:30 p.m. EDT) to discuss these results and corporate developments. Interested parties are invited to listen to the call live over the Internet at <https://ir.aquametals.com/ir-calendar>. The live call is also available by dialing (855) 327-6837 or for international callers (631) 891-4304. A replay of the teleconference will be available on <https://ir.aquametals.com/ir-calendar>. A replay will also be available until March 28, 2019 by dialing (844) 512-2921 or (412) 317-6671 and using pin number 10006266.

About Aqua Metals

Aqua Metals, Inc. (NASDAQ:AQMS) is reinventing lead recycling with its patented AquaRefining™ technology. Unlike smelting, AquaRefining is a room temperature, water-based process that emits less pollution. The modular systems are intended to allow the Company to vastly reduce environmental impact and scale lead acid recycling production capacity by licensing the AquaRefining technology to partners. This would meet growing demand for lead to power new applications including stop/start automobile batteries which complement the vehicle's main battery, Internet data centers, alternative energy applications including solar, wind, and grid scale storage. Aqua Metals is based in McCarran, NV, and has built its first recycling facility in Nevada's Tahoe Reno Industrial Complex. To learn more, please visit www.aquametals.com.

Safe Harbor

This press release contains forward-looking statements concerning Aqua Metals, Inc. Forward-looking statements include, but are not limited to our plans, objectives, expectations and intentions and other statements that contain words such as "expects," "contemplates," "anticipates," "plans," "intends," "believes" and variations of such words or similar expressions that predict or indicate future events or trends, or that do not relate to historical matters. The forward looking statements in this release include the strength and efficacy of Aqua Metals' portfolio of patent applications and issued patents, the lead acid battery recycling industry, the future of lead acid battery recycling via traditional smelters, the Company's development of its commercial lead acid battery recycling facilities and the quality and efficiency of the Company's proposed lead acid battery recycling operations. Those forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially. Among those factors are: (1) the risk that the Company may not be able to produce and market AquaRefined lead on a commercial basis or, if the Company achieves commercial operations, that such operations will be profitable; (2) the fact that the Company only recently commenced production of AquaRefined lead and has not generated any significant revenue from the sale of AquaRefined lead to date, thus subjecting the Company to all of the risks inherent in an

early-stage company; (3) the risk no further patents will be issued on the Company's patent applications or any other application that it may file in the future and that those patents issued to date and any patents issued in the future will be sufficiently broad to adequately protect the Company's technology; (4) the risk that the Company's initial patents and any other patents that may be issued to it may be challenged, invalidated, or circumvented, (5) risks related to Aqua Metals' ability to raise sufficient capital, as and when needed, to develop and operate its recycling facilities and fund continuing losses from operations as the Company endeavors to achieve profitability; (6) changes in the federal, state and foreign laws regulating the recycling of lead acid batteries; (7) the Company's ability to protect its proprietary technology, trade secrets and know-how and (8) those other risks disclosed in the section "Risk Factors" included in the Company's Annual Report on Form 10-Q filed on February 28, 2019. Aqua Metals cautions readers not to place undue reliance on any forward-looking statements. The Company does not undertake, and specifically disclaims any obligation, to update or revise such statements to reflect new circumstances or unanticipated events as they occur, except as required by law.

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Aqua Metals, Inc.
Condensed Consolidated Balance Sheets
 (in thousands)
 (audited)

ASSETS

	December 31, 2018	December 31, 2017
Current assets		
Cash and cash equivalents	\$ 20,892	\$ 22,793
Accounts receivable	725	882
Inventory	765	1,239
Prepaid expenses and other current assets	370	770
Total current assets	<u>22,752</u>	<u>25,684</u>
Non-current assets		
Property and equipment, net	45,548	45,733
Intellectual property, net	1,271	1,461
Other assets	1,800	1,564
Total non-current assets	<u>48,619</u>	<u>48,758</u>
Total assets	<u><u>\$ 71,371</u></u>	<u><u>\$ 74,442</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 2,088	\$ 1,436
Accrued expenses	5,196	1,801
Deferred rent, current portion	8	192
Lease liability, current portion	121	0
Notes payable, current portion	311	405
Convertible note payable, current portion	4,075	0
Total current liabilities	11,799	3,834
Deferred rent, non-current portion	27	771
Lease liability, non-current portion	110	0
Asset retirement obligation	745	701
Notes payable, non-current portion	8,600	8,839
Convertible note payable, non-current portion	0	1,332
Total liabilities	21,281	15,477
Commitments and contingencies		
Stockholders' equity		
Common stock; \$0.001 par value; 50,000,000 shares authorized; 38,932,437 and 27,554,076 shares issued and outstanding as of December 31, 2018 and December 31, 2017, respectively	39	27
Additional paid-in capital	145,147	113,780
Accumulated deficit	(95,096)	(54,842)
Total stockholders' equity	50,090	58,965
Total liabilities and stockholders' equity	\$ 71,371	\$ 74,442

Aqua Metals, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(audited)

	Year ended December 31,	
	2018	2017
Product sales	\$ 4,449	\$ 2,088
Operating cost and expense		
Cost of product sales	22,761	9,541
Research and development cost	4,502	8,103
General and administrative expense	14,214	6,891
Impairment charge	0	2,411
Total operating expense	41,477	26,946

Loss from operations	(37,028)	(24,858)
Other income and expense		
Interest expense	(3,447)	(1,761)
Interest and other income	223	41
Total other income (expense), net	(3,224)	(1,720)
Loss before income tax expense	(40,252)	(26,578)
Income tax expense	(2)	(2)
Net loss	\$ (40,254)	\$ (26,580)
Weighted average shares outstanding, basic and diluted	34,154,826	20,293,100
Basic and diluted net loss per share	\$ (1.18)	\$ (1.31)

Photos accompanying this announcement are available at

<https://www.globenewswire.com/NewsRoom/AttachmentNg/a6655009-ee34-4c03-8d51-f44a24b33a39>

<https://www.globenewswire.com/NewsRoom/AttachmentNg/1fe62b7f-2c6c-4ebf-87f1-7652a3b07b8b>

<https://www.globenewswire.com/NewsRoom/AttachmentNg/e7ab1813-97a8-4c2d-9ed1-6f14a448b316>

<https://www.globenewswire.com/NewsRoom/AttachmentNg/82257f43-bd63-41ac-9f97-3f1906a89f22>

These photos are also available at Newscom, www.newscom.com, and via AP PhotoExpress.



Source: Aqua Metals