

# Midwest Energy Emissions Corp. Reports 2015 Second Quarter Financial Results

LEWIS CENTER, OH -- (Marketwired) -- 08/18/15 -- Midwest Energy Emissions Corp. (OTCQB: MEEC) ("ME2C" or the "Company"), an emerging leader in mercury emissions control technology for the global coal-power industry, today announced results for the second quarter ended June 30, 2015.

## ***Second Quarter 2015 Highlights***

- Revenues of \$2,697,000 compared to \$879,000 in Q2 2014 -- Up 206.8%
- Operating loss of \$690,000 compared to \$972,000 in Q2 2014 -- Improved 29.0%
- Net income of \$599,000 compared to net loss of \$1,380,000 in Q2 2014 -- Improved 143.4%

## ***Results Overview***

Consolidated revenues for the second quarter 2015 were \$2,697,000 including revenues of \$1,967,000 generated by the complete installation and commissioning of four equipment projects at various customer sites in order to execute on several multi million dollar supply contracts. Also in the second quarter of 2015, the Company achieved product sales of \$502,000 to customers under contract to meet present mercury regulations.

Operating loss for the second quarter 2015 was \$690,000. Operating expenses increased \$316,000 for the second quarter 2015 over Q2/2014 as we focused on execution of the infrastructure required to carry out the over \$110M in contracted business. During Q2/2015 ME2C carried out multiple tests at various power plants, as part of our aggressive commissioning, marketing and sales efforts, at utilities across North America seeking mercury emission solutions. Overhead expenses, which include license maintenance fees, SG&A expenses, professional fees and stock based compensation decreased by \$202,000 to \$1,048,000 in the second quarter 2015, primarily due to a decrease in stock based compensation.

Net income for the second quarter 2015 was \$599,000, compared to a loss of \$1,380,000 for the same period in 2014. Such net income was primarily due to a gain recorded in the period on the change in value of certain warrant liabilities, offset by interest expense and a charge to earnings for non-cash debt conversion costs.

At June 30, 2015, total liabilities were \$18,609,000 compared to \$21,909,000 at December 31, 2014. Liabilities related to equity-linked securities were \$10,727,000 of this total as of June 30, 2015. During the six months ended June 30, 2015, the Company negotiated extensions on \$3.4 million of this debt of which \$2.4 million was converted to equity. The Company expects most of the equity-linked debt balances to be converted to equity over the next four years, as experience has indicated with our early convertible promissory note investors, although there can be no assurance that such will be the case. Deferred revenue was \$6,035,000 as of June 30, 2015. The Company also expects to complete the

commissioning efforts and recognize revenue on all current customer equipment projects during 2015. All other current liabilities (accounts payable, accrued liabilities and customer credits due) decreased by \$514,000 from December 31, 2014 to \$1,847,000 as of June 30, 2015, an improvement of 21.8%.

Richard MacPherson, CEO, stated, "Midwest is ramping up to meet the increasing demands of the marketplace and installing the infrastructure required for our clients' compliance needs. Our product sales are increasing dramatically as we start the execution of over \$110M of contracted business to-date -- with an exciting pipeline of sales opportunity ahead of us in this multi-billion dollar industry. The field operations team has done an impressive job this year and we are on schedule to meet our clients' contracted requirements. This past quarter's growth is indicative of the pace we see for Midwest going forward as our installations continue and our product supply revenues grow over the rest of 2015. 2016 should see outstanding growth and profits as we add to our present contract base and execute on those in place today."

Mr. MacPherson concluded, "Midwest Energy Emissions Corp. intends to begin public forum review through open conference calls of its quarterly results starting the end of Q3/2015. We will inform the marketplace of our expected continued growth and give the market an opportunity to fully understand our progress and execution on our previous predictions."

### ***About Midwest Energy Emissions Corp. (ME2 C)***

Midwest Energy Emissions Corp. delivers patented and proprietary solutions to the global coal-power industry to remove mercury from their power plant emissions, providing performance guarantees and leading edge emissions services. The U.S. Environmental Protection Agency's (EPA) *Mercury and Air Toxic Standards* (MATS) rule requires that all coal- and oil-fired power plants in the U.S., larger than 25 mega-watts, must remove roughly 90% of mercury from their emissions starting April 16, 2015. In June 2015, the U.S. Supreme Court remanded MATS back to the U.S. Court of Appeals for the D.C. Circuit for further review, but left the rule in place. ME2C has developed patented technology and proprietary products that have been shown to achieve mercury removal levels compliant with MATS at a significantly lower cost and with less operational impact than currently used methods, while preserving the marketability of fly-ash for beneficial use.

### ***Safe Harbor Statement***

With the exception of historical information contained in this press release, content herein may contain "forward-looking statements" that are made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Investors are cautioned that forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the statements made. Matters that may cause actual results to differ materially from those in the forward-looking statements include, among other factors, the gain or loss of a major customer, additional or new EPA regulations affecting coal-burning utilities, disruption in supply of materials, a significant change in general economic conditions in any of the regions where our customer utilities might experience significant changes in electric demand, a significant disruption in the supply of coal to our customer units, the loss of key management personnel, failure to obtain adequate working capital to execute the business plan and any major litigation

regarding the Company. In addition, this release contains time-sensitive information that reflects management's best analysis only as of the date of this release. The Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this release. Further information concerning issues that could materially affect financial performance related to forward-looking statements contained in this release can be found in the Company's periodic filings with the Securities and Exchange Commission.

**MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**JUNE 30, 2015 AND DECEMBER 31, 2014**  
**(UNAUDITED)**

|  | <b>June 30,<br/>2015</b> | <b>December<br/>31,</b> |
|--|--------------------------|-------------------------|
|  | <b>(Unaudited)</b>       | <b>2014</b>             |
| <b>ASSETS</b>                                |                          |                         |
| <b>Current assets</b>                        |                          |                         |
| Cash and cash equivalents                    | \$ 958,063               | \$ 7,212,114            |
| Accounts receivable                          | 663,892                  | 410,950                 |
| Inventory                                    | 6,382,078                | 5,784,905               |
| Prepaid expenses and other assets            | 133,784                  | 140,559                 |
| <b>Total current assets</b>                  | <b>8,137,817</b>         | <b>13,548,528</b>       |
| Property and equipment, net                  | 872,654                  | 255,330                 |
| License, net                                 | 61,765                   | 64,707                  |
| Prepaid expenses and other assets            | 8,929                    | 13,799                  |
| Debt issuance costs, net                     | 1,947,594                | 2,285,696               |
| Customer acquisition costs, net              | 1,037,412                | 1,156,521               |
| <b>Total assets</b>                          | <b>\$ 12,066,171</b>     | <b>\$ 17,324,581</b>    |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b> |                          |                         |
| <b>Current liabilities</b>                   |                          |                         |
| Accounts payable and accrued expenses        | \$ 410,902               | \$ 688,730              |
| Accrued legal and consulting fees            | 65,824                   | 86,304                  |
| Accrued salaries and benefits                | 433,585                  | 399,487                 |
| Deferred revenue                             | 6,035,850                | 5,808,301               |
| Convertible notes payable                    | 1,247,719                | 3,080,376               |
| Customer credits                             | 936,500                  | 936,500                 |
| Other current liabilities                    | -                        | 250,000                 |
| <b>Total current liabilities</b>             | <b>9,130,380</b>         | <b>11,249,698</b>       |
| Convertible notes payable, net of discount   | 5,037,996                | 4,724,598               |
| Warrant liability                            | 4,280,282                | 5,597,011               |
| Accrued interest                             | 160,659                  | 337,999                 |

|  |                      |                      |
|--|----------------------|----------------------|
| <b>Total liabilities</b>   | 18,609,317           | 21,909,306           |
| <b>Stockholders' deficit</b>   |                      |                      |
| Preferred stock, \$.001 par value: 2,000,000 shares authorized   | -                    | -                    |
| Common stock; \$.001 par value; 150,000,000 shares authorized; 45,591,412 shares issued and outstanding as of June 30, 2015 40,228,123 shares issued and outstanding as of December 31, 2014 | 45,591               | 40,228               |
| Additional paid-in capital   | 23,118,107           | 19,113,724           |
| Accumulated deficit  | (29,706,844)         | (23,738,677)         |
| <b>Total stockholders' deficit</b>   | <u>(6,543,146)</u>   | <u>(4,584,725)</u>   |
| <b>Total liabilities and stockholders' deficit</b>   | <u>\$ 12,066,171</u> | <u>\$ 17,324,581</u> |

**MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014  
(UNAUDITED)**

|  | <u>For the Three<br/>Months Ended<br/>June 30, 2015</u> | <u>For the Three<br/>Months Ended<br/>June 30, 2014</u> | <u>For the Six<br/>Months Ended<br/>June 30, 2015</u> | <u>For the Six<br/>Months Ended<br/>June 30, 2014</u> |
|--|---|---|---|---|
| <b>Revenues</b>                              |   |   |   |   |
| Product sales                                | \$ 609,328  | \$ 659,052  | \$ 852,672  | \$ 659,052  |
| Equipment sales                              | 1,967,039   | -   | 1,967,039   | -   |
| Demonstration and consulting services        | 120,318   | 219,905   | 120,318   | 219,905   |
| <b>Total revenues</b>                        | <u>2,696,685</u>  | <u>878,957</u>  | <u>2,940,029</u>                                      | <u>878,957</u>  |
| <b>Costs and expenses:</b>                   |   |   |   |   |
| Cost of goods sold                           | 1,787,205   | 365,118   | 1,936,895   | 365,118   |
| Operating expenses                           | 551,802   | 235,379   | 898,971   | 255,666   |
| License maintenance fees                     | 75,000  | 75,000  | 150,000   | 150,000   |
| Selling, general and administrative expenses | 549,535   | 521,761   | 1,105,790   | 1,012,997   |
| Depreciation and amortization                | 99,463  | 91,676  | 165,051   | 135,183   |

|  |                   |                       |                       |                       |
|--|-------------------|-----------------------|-----------------------|-----------------------|
| Professional fees  | 118,244           | 109,725               | 288,489               | 342,577               |
| Stock based compensation                                       | 205,661           | 452,029               | 331,189               | 2,693,204             |
| <b>Total costs and expenses</b>                                | <u>3,386,910</u>  | <u>1,850,688</u>      | <u>4,876,385</u>      | <u>4,954,745</u>      |
| <b>Operating loss</b>  | (690,225)         | (971,731)             | (1,936,356)           | (4,075,788)           |
| <b>Other (expense) income</b>                                  |                   |                       |                       |                       |
| Interest expense   | (936,116)         | (408,647)             | (4,358,472)           | (706,856)             |
| Change in value of warrant liability                           | 3,195,279         | -                     | 1,316,729             | -                     |
| Debt conversion costs  | (961,843)         | -                     | (961,843)             | -                     |
| State income taxes   | (7,730)           | -                     | (28,225)              | -                     |
| <b>Total other (expense) income</b>                            | <u>1,289,590</u>  | <u>(408,647)</u>      | <u>(4,031,811)</u>    | <u>(706,856)</u>      |
| <b>Net income (loss)</b>                                       | <u>\$ 599,365</u> | <u>\$ (1,380,378)</u> | <u>\$ (5,968,167)</u> | <u>\$ (4,782,644)</u> |
| <b>Net income (loss) per common share - basic and diluted:</b> | <u>\$ 0.01</u>    | <u>\$ (0.04)</u>      | <u>\$ (0.15)</u>      | <u>\$ (0.12)</u>      |
| <b>Weighted average common shares outstanding</b>              | <u>41,322,566</u> | <u>39,014,401</u>     | <u>41,124,352</u>     | <u>38,938,860</u>     |

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Source: Midwest Energy Emissions Corp.