August 8, 2016

Midwest Energy Emissions Corp. Reports Record Q2 2016 Financial Results

Q2 2016 Revenues Increase 248% to $9.4 Million; Drives Operating Income of $0.4 Million

LEWIS CENTER, OH -- (Marketwired) -- 08/08/16 -- Midwest Energy Emissions Corp. (OTCQB: MEEC) ("ME2C" or the "Company"), an emerging leader in mercury emissions control for the North American power industry, has announced its financial results for the three and six months, which ended June 30, 2016.

Second Quarter 2016 Financial Summary

- Total revenues increased 248% to $9.4 million compared to $2.7 million in the same year-ago quarter
- Operating income improved to $0.4 million compared to ($0.7) million in the same year-ago quarter
- Adjusted EBITDA (a non-GAAP financial measure) grew to $1.0 million compared to ($0.4) million in the same year-ago quarter
- Net loss was $8.2 million, or ($0.17) per diluted share, compared to net income of $0.6 million, or $0.01 per diluted share, in the same year-ago quarter

Financials Results

Total revenues in the second quarter of 2016 increased 248% to $9.4 million, compared to $2.7 million in the second quarter of 2015. Sequentially, revenues increased 178% when compared to revenue of $3.4 million in the first quarter of 2016. This growth is primarily attributed to the Company ending the second quarter of 2016 with 20 fully-operational Mercury and Air Toxics Standard (MATS) compliant electric generating units (EGUs) utilizing ME2C's technologies, compared to only four fully-operational EGUs in the first quarter of 2016.

Total revenues for the six months that ended June 30, 2016, were $12.8 million, an increase of 334% when compared to revenue of $2.9 million in the first half of 2015.

Operating income in the second quarter of 2016 was $0.4 million, compared to an operating loss of ($0.7) million in the second quarter of 2015. Operating income for the six months ended June 30, 2016, was $0.1 million, compared to an operating loss of ($1.9) million in the first half of 2015. The aforementioned increase in revenues helped produce operating income for the first time in the Company's history in the second quarter of 2016.

Adjusted EBITDA in the second quarter of 2016 totaled $1.0 million, compared to ($0.4) million in the same year-ago quarter. This increase was primarily due to the increase in revenues, as well as improved gross margin and decreased interest expense.

Net loss in the second quarter of 2016 was $8.2 million, or ($0.17) per diluted share, compared to net income of $0.6 million, or $0.01 per diluted share, in the second quarter of 2015. The net loss for the second quarter was primarily due to the Company recording a non-cash loss on the change in value of warrant liability of $7.6 million, which compared to a non-cash gain on the change in value of warrant liability of $3.2 million in the second quarter of 2015.

On June 30, 2016, the Company had cash and cash equivalents of $0.6 million, compared to $1.1 million on December 31, 2015.

Management Commentary
"As we reported last month with our preliminary revenue announcement, our record setting second quarter of 2016 is not only a milestone in terms of significant revenue generation, but also serves as a validation that our customers are choosing to utilize our technology and team over the competition," said Richard MacPherson, President and CEO of ME2C. "Since all of our customers were required to comply with MATS beginning in April 2016, demand for our proprietary SEA™ Technology has been meaningful, resulting in revenues for the first six months of 2016 exceeding our revenues for all of 2015. Over the last several years, we've been diligently working to secure customers, and with MATS going into full effect in April 2016, we are now beginning to see the fruits of our labor. We plan to use this momentum to build on our growth in a $2.5 billion annual market."

"To that extent, for the second half of 2016 we are focused on penetrating existing customer fleets and rapidly expanding our customer base, especially those that encounter challenging operational or equipment limitation conditions at the plant level. We plan to use our cash flow to continue investing in the buildout of infrastructure and R&D to introduce new products and services, which we believe will further solidify our competitive advantage well into the future," MacPherson concluded.

Full Year 2016 Revenue Guidance
For the full year ending December 31, 2016, the Company is reiterating its revenue guidance of at least $30.0 million, an increase of at least 137% when compared to revenue of $12.6 million for the full year ended December 31, 2015, which is based on current power demand forecasts and plant projections.

Conference Call and Webcast
Management will host a conference call at 11:30 a.m. Eastern time on August 8, 2016, to discuss ME2C's second quarter 2016 results, provide a corporate update, and conclude with a Q&A from participants. To participate, please use the following information:

Date: Monday, August 8, 2016
Time: 11:30 a.m. Eastern time
U.S. Dial-in: 1-877-874-1571
International Dial-in: 1-719-325-4835
Conference ID: 9078914
Webcast: http://public.viavid.com/index.php?id=120542

Please dial in at least 10 minutes before the start of the call to ensure timely participation.

A playback of the call will be available through October 8, 2016. To listen, call 1-877-870-5176 within the United States or 1-858-384-5517 when calling internationally. Please use the replay pin number 9078914.

About Midwest Energy Emissions Corp. (ME2 C)
Midwest Energy Emissions Corp. (OTCQB: MEEC) delivers patented and proprietary solutions to the global coal-power industry to remove mercury from power plant emissions, providing performance guarantees, and leading-edge emissions services. The U.S. Environmental Protection Agency (EPA) MATS rule, which has been subject to legal challenges, 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 15, 2015. 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. For more information, please visit www.midwestemissions.com.

Use of Non-GAAP Financial Measures
To provide investors with additional information regarding our financial results, this press release includes references to Adjusted EBITDA, a Non-GAAP financial measure. We view Adjusted EBITDA as an operating performance measure and, as such, we believe that the GAAP financial measure most directly comparable to it is net income (loss). We define Adjusted EBITDA as net income adjusted for income taxes, depreciation, amortization, stock based compensation, and other non-cash income and expenses. We believe that Adjusted EBITDA provides us an important measure of operating performance. Our use of Adjusted EBITDA has limitations as an analytical tool, and this measure should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP, as the excluded items may have significant effects on our operating results and financial condition. Additionally, our measure of Adjusted EBITDA may differ from other companies' measure of Adjusted EBITDA. When evaluating our performance, Adjusted EBITDA should be considered with other financial performance measures, including various cash flow metrics, net income and other GAAP results. In the future, we may disclose different non-GAAP financial measures in order to help our investors and others more meaningfully evaluate and compare our future results of operations to our previously reported results of operations.

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. Forward-looking statements are generally identified by using words such as "anticipate," "believe," "plan," "expect," "intend," "will," and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. 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, change in environmental regulations, disruption in supply of materials, capacity factor fluctuations of power plant operations and power demands, 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, availability of capital 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.

	Quarter Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	(in thousands)		(in thousands)	
Net (loss) income	$ (8,243)	$ 599	$ (7,335)	$ (5,968)
Non-GAAP adjustments:				
Depreciation and amortization	229	99	393	165
Interest	1,033	936	3,106	4,358
State income taxes	3	8	4	28
Stock based compensation	404	206	583	332
Change in warrant liability	7,566	(3,195)	4,257	(1,316)
Debt conversion costs	-	962	-	962
Adjusted EBITDA	$ 992	$ (385)	$ 1,008	$ (1,439)

	Quarter Ended (Unaudited)			
	6/30/016	3/31/2016	12/31/2015	9/30/2015
	(in thousands)			
Net (loss) income	$ (8,243)	$ 908	$ (7,138)	$ (1,155)
Non-GAAP adjustments:				
Depreciation and amortization	229	164	123	103
Interest	1,033	2,073	950	906
State income taxes	3	1	5	8
Stock based compensation	404	179	177	280
Change in warrant liability	7,566	(3,309)	4,655	(145)
Settlement charges	-	-	1,335	-
Debt conversion costs	-	-	-	161
Adjusted EBITDA	$ 992	$ 16	$ 107	$ 158

MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2016 AND DECEMBER 31, 2015
(UNAUDITED)

	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 619,064	$ 1,083,280
Accounts receivable	4,039,784	1,150,602
Inventory	877,767	2,715,913
Prepaid expenses and other assets	167,848	161,813
Total current assets	5,704,463	5,111,608
Property and equipment, net	2,066,881	1,243,450
License, net	55,883	58,825
Prepaid expenses and other assets	-	4,058
Customer acquisition costs, net	883,895	897,428
Total assets	$ 8,711,122	$ 7,315,369
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	$ 4,298,536	$ 1,235,162
Deferred revenue	39,832	2,281,760
Convertible notes payable	4,041,935	2,497,114
Current portion of equipment notes payable	38,593	20,979
Customer credits	936,500	936,500
Total current liabilities	9,355,396	6,971,515
Convertible notes payable, net of discount	3,349,850	3,175,085
Warrant liability	15,207,000	9,854,400
Accrued interest	229,066	169,202
Equipment notes payable	163,114	90,165
Total liabilities	28,304,426	20,260,367
Stockholders' deficit		
Preferred stock, $.001 par value: 2,000,000 shares authorized	-	-
Common stock; $.001 par value; 150,000,000 shares authorized; 47,358,618 shares issued and outstanding as of June 30, 2016 47,194,118 shares issued and outstanding as of December 31, 2015	47,359	47,194

Additional paid-in capital	25,694,063	25,008,016
Accumulated deficit	(45,334,726)	(38,000,208)
Total stockholders' deficit	(19,593,304)	(12,944,998)
Total liabilities and stockholders' deficit	$ 8,711,122	$ 7,315,369

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

MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(UNAUDITED)

	For the Three Months Ended June 30, 2016	***For the Three Months Ended June 30, 2015***	***For the Six Months Ended June 30, 2016***	***For the Six Months Ended June 30, 2015***
Revenues	9,392,209	2,696,685	12,765,520	2,940,029
Costs and expenses:				
Cost of sales	7,304,197	2,334,219	9,791,816	2,840,962
Selling, general and administrative expenses	1,667,827	1,052,691	2,837,985	2,035,423
Total costs and expenses	8,972,024	3,386,910	12,629,801	4,876,385

Operating income (loss)	420,185	(690,225)	135,719	(1,936,356)
Other (expense) income				
Interest expense	(1,032,949)	(936,116)	(3,106,093)	(4,358,472)
Letter of credit fees	(60,666)	-	(103,333)	-
Change in value of warrant liability	(7,566,000)	3,195,279	(4,256,600)	1,316,729
Debt conversion costs	-	(961,843)	-	(961,843)
State income taxes	(3,383)	(7,730)	(4,211)	(28,225)
Total other (expense) income	(8,662,998)	1,289,590	(7,470,237)	(4,031,811)
Net (loss) income	$ (8,242,813)	$ 599,365	$ (7,334,518)	$ (5,968,167)
Net (loss) income per common share - basic and diluted:	$ (0.17)	$ 0.01	$ (0.15)	$ (0.15)
Weighted average common shares outstanding	47,358,618	41,322,566	47,358,618	41,124,352

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

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Source: Midwest Energy Emissions Corp.