

August 8, 2018



Aqua Metals Announces Second Quarter 2018 Results and Provides Corporate Update

Highlights:

- **Net proceeds of \$26.6 million raised in public offering**
- **AquaRefining technology is now producing high purity lead, exceeding 99.99+%**
- **Initial shipments of Aqua Refined lead sent to Johnson Controls**
- **Continuing to run limited number of modules to achieve steady state operations and complete capex projects to improve contribution margin**

ALAMEDA, Calif., Aug. 08, 2018 (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 second quarter ended June 30, 2018.

"During the quarter, we took the first step to move beyond "proof of concept" and transitioned into commercialization of what we believe is truly a revolutionary and greener way to recycle lead," commented Steve Cotton, Aqua Metal's newly appointed President. "During the quarter, our strengthened management team and board have conducted a thorough assessment of the business. Together we have revised our strategic vision on how to move ahead, increased our focus on reducing costs and have strengthened our strategic partnerships. We have also seen progress in the production of high purity AquaRefined lead and, during the quarter, we made initial shipments of this material to Johnson Controls."

During the three months ended June 30, 2018, the Company recognized revenue of \$0.5 million, which includes initial production and sales of AquaRefined lead. This compares to sales of \$0.6 million in the second quarter of 2017 and sales of \$1.7 million in the first quarter of 2018. In addition to sales of AquaRefined lead in the quarter, the company continues to sell lead compounds and plastics from lead acid batteries that had little or no processing. Sales of these constituent components of lead acid batteries ("LABs") began in April 2017 as the company began testing its non-AquaRefining infrastructure.

The Company had an operating loss of \$9.2 million for the three months ended June 30, 2018 compared to an operating loss of \$8.0 million for the three months ended June 30, 2017. Included in expenses for the second quarter of 2018 were \$0.8 million associated with the recent proxy fight, \$0.9 million related to the resignation of the company's former CEO, as well as a net \$0.4 million charge related to amendments to its agreement with Interstate Battery. The second quarter also saw additional expenses associated with the expansion of the AquaRefining process.

The net loss for the second quarter of 2018 was \$9.9 million, or (\$0.33) per diluted share,

compared to a net loss of \$8.4 million, or (\$0.42) per diluted share, in the second quarter of 2017.

For the six months ended June 30, 2018, the Company recognized revenue of \$2.2 million and had an operating loss of \$16.2 million compared to \$0.6 million of revenue and an operating loss of \$12.5 million in the prior year period. The net loss for the first six months of 2018 was \$17.5 million, or (\$0.59) per diluted share, compared to a net loss of \$13.3 million, or (\$0.69) per diluted share for the first six months of 2017.

As of June 30, 2018, the company had \$36.8 million in cash and cash equivalents. This includes the net \$26.6 million from the capital raise in June.

“Management continues to be optimistic on the future of AquaRefining, as demonstrated by management’s and the board’s participation in the most recent equity raise,” added Cotton. “We are realistic, however, that there will continue to be operational and mechanical challenges in scaling up a-first-of-its-kind facility. Our immediate priority is to increase the uptime of our modules, which we intend to do as part of our goal of initially running a limited number of modules for 24 hours a day and achieving modules running in a steady state. This is critical to scaling up. It also gives us the flexibility to continually incorporate our experiential learnings and modify the modules to improve performance and enables the remaining processes of the plant to mature and synchronize in order to support increased AquaRefining.”

“Parallel to our efforts to increase production, we are also focused on improving contribution and gross margins. We are in the process of implementing a number of planned capital improvement projects that will allow us to increase utilization rates and limit downtime as we work on improving contribution margins, which we believe is necessary before we scale up to 16 modules.”

Conference Call and Webcast

Aqua Metals will hold a conference call today, Wednesday August 8, 2018 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 (778) 331-2160. A replay of the teleconference will be available on <https://ir.aquametals.com/ir-calendar>. A replay will also be available until September 8, 2018 by dialing (844) 512-2921 or (412) 317-6671 and using pin number 10005351.

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 Alameda, California, and has built its first recycling facility in Nevada’s Tahoe Reno Industrial Complex. To learn more, please visit www.aquametals.com.

During the second quarter of 2018, the Company appointed Steve Cotton to serve as President of the Company. Pursuant to his Employment Agreement with the Company, Mr. Cotton will be eligible to receive annual performance-based bonuses payable in shares of the Company's common stock. Mr. Cotton will also be eligible to receive a one-time bonus of 100,000 shares of the Company's common stock subject to and contingent upon the volume-weighted average price of the Company's common stock trading on the Nasdaq Stock Market equaling or exceeding \$7.00 per share over any 30 consecutive trading days during the first 12 months of his employment. Mr. Cotton was also awarded options to purchase up to 840,000 shares of the Company's common stock, subject to certain time and vesting requirements. The equity awards granted to Mr. Cotton are subject to the terms and conditions of the Company's Amended and Restated 2014 Stock Incentive Plan ("2014 Plan") but were not issued under the 2014 Plan in reliance on with Nasdaq Rule 5635(c)(4), which exempts certain inducement grants from the Nasdaq Listing Rules general requirement that equity compensation be subject to stockholder approval.

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 and has not generated any significant revenue to date, thus subjecting the Company to all of the risks inherent in a pre-revenue start-up; (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 Quarterly Report on Form 10-Q filed on August 8, 2018. 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.

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

ASSETS

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Current assets		
Cash and cash equivalents	\$ 36,759	\$ 22,793
Accounts receivable	360	882
Inventory	1,247	1,239
Prepaid expenses and other current assets	218	770
Total current assets	<u>38,584</u>	<u>25,684</u>
Non-current assets		
Property and equipment, net	46,492	45,733
Intellectual property, net	1,366	1,461
Other assets	1,564	1,564
Total non-current assets	<u>49,422</u>	<u>48,758</u>
Total assets	<u><u>\$ 88,006</u></u>	<u><u>\$ 74,442</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 1,692	\$ 1,436
Accrued expenses	1,634	1,801
Deferred rent, current portion	200	192
Notes payable, current portion	347	405
Convertible note payable, current portion	2,286	-
Total current liabilities	<u>6,159</u>	<u>3,834</u>
Deferred rent, non-current portion	671	771
Asset retirement obligation	722	701
Notes payable, non-current portion	8,700	8,839
Convertible note payable, non-current portion	-	1,332
Total liabilities	<u>16,252</u>	<u>15,477</u>
Stockholders' equity		
Common stock and Additional paid-in capital	144,055	113,807
Accumulated deficit	(72,301)	(54,842)
Total stockholders' equity	<u>71,754</u>	<u>58,965</u>

Total liabilities and stockholders' equity	<u>\$ 88,006</u>	<u>\$ 74,442</u>
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Aqua Metals, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three months ended June 30		Six months ended June 30,	
	2018	2017	2018	2017
Product sales	<u>\$ 483</u>	<u>\$ 603</u>	<u>\$ 2,209</u>	<u>\$ 603</u>
Operating cost and expense				
Cost of product sales	4,600	2,531	10,036	2,531
Research and development cost	1,203	2,184	2,678	5,171
General and administrative expense	3,913	1,444	5,688	2,972
Impairment charge	-	2,411	-	2,411
Total operating expense	<u>9,716</u>	<u>8,570</u>	<u>18,402</u>	<u>13,085</u>
Loss from operations	<u>(9,233)</u>	<u>(7,967)</u>	<u>(16,193)</u>	<u>(12,482)</u>
Other income and expense				
Interest expense	(719)	(408)	(1,306)	(796)
Interest and other income	<u>25</u>	<u>10</u>	<u>42</u>	<u>21</u>
Total other expense, net	<u>(694)</u>	<u>(398)</u>	<u>(1,264)</u>	<u>(775)</u>
Loss before income tax expense	(9,927)	(8,365)	(17,457)	(13,257)
Income tax expense	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Net loss	<u>\$ (9,927)</u>	<u>\$ (8,365)</u>	<u>\$ (17,459)</u>	<u>\$ (13,259)</u>
Weighted average shares outstanding, basic and diluted	<u>30,134,995</u>	<u>20,123,041</u>	<u>29,389,459</u>	<u>19,231,667</u>

Basic and diluted net loss
per share

\$ (0.33)	\$ (0.42)	\$ (0.59)	\$ (0.69)
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Source: Aqua Metals