

November 7, 2018



Aqua Metals Announces Third Quarter 2018 Results

Achieves Module Utilization Record with Continuous Runtime of Over Four Days

Third Quarter and Recent Highlights:

- **Revenue nearly doubled in Q3 to \$1.2 million, primarily driven by introducing high value AquaRefined lead to the product mix**
- **Ingot casting line brought into production enabling direct shipment to battery manufacturing facilities**
- **Near steady state module utilization achieved with record runtime of over four days**
- **Patent portfolio strengthened**
- **Capital projects to recycle and reuse electrolyte and increase contribution margin remain on track for completion of Phase One on or around year end and Phase Two in 2019**
- **Management team strengthened with addition of Chief Financial Officer, Vice President of Human Resource and internal promotions**

MCCARRAN, Nev., Nov. 07, 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 third quarter ended September 30, 2018.

"We have made substantial progress since beginning commercial operations of our revolutionary AquaRefinery in June," commented Steve Cotton, President of Aqua Metals. "We recently announced near steady state production of our initial four AquaRefining modules and have been running one to two modules at a time, with each module now regularly operating over 20 hours per day and producing 100 kg per hour or over two metric tons of AquaRefined lead per day. We continue to make adjustments and have recently improved utilization, including record runtime of a module for over four days. We are laser focused on completing the infrastructure and operational improvements to recover water and more efficiently recycle our chemical feedstock and thereby improve our contribution margin for AquaRefined lead. With Phase One testing complete, equipment installation is underway. Once we are conserving enough electrolyte along with completing planned plant improvements to achieve a neutral to positive contribution margin, expected by the end of the year or early in the first quarter, we will be positioned to scale the plant and bring additional modules on line."

Third Quarter 2018 Results

During the three months ended September 30, 2018, the Company recognized revenue of \$1.2 million compared to sales of \$0.6 million in the third quarter of 2017 and sales of \$0.5 million in the second quarter of 2018. Contributing to the nearly doubling of sales in the

quarter was the introduction and growth of AquaRefined lead, which during the quarter represented 21% of total sales. There were no previous sales of pure AquaRefined lead prior to the third quarter of 2018, marking a key transition for Aqua Metals whereby it is now deriving revenue from its own products. The Company continues to sell metallics, lead compounds and plastics from lead acid batteries (LABs). Sales of these constituent components of LABs began in April 2017 as the Company commenced testing its non-AquaRefining infrastructure.

The Company had an operating loss of \$8.4 million for the three months ended September 30, 2018 compared to an operating loss of \$5.8 million for the three months ended September 30, 2017. The third quarter of 2018 saw continued planned expenses associated with further improvements of the AquaRefining process and other areas of the plant from operational learnings. The net loss for the third quarter of 2018 was \$9.3 million, or (\$0.24) per diluted share, compared to a net loss of \$6.3 million, or (\$0.31) per diluted share, in the third quarter of 2017.

For the nine months ended September 30, 2018, the Company recognized revenue of \$3.4 million and had an operating loss of \$24.6 million compared to \$1.2 million of revenue and an operating loss of \$18.3 million in the prior year period. The net loss for the first nine months of 2018 was \$26.7 million, or (\$0.82) per diluted share, compared to a net loss of \$19.5 million, or (\$0.99) per diluted share, for the first nine months of 2017.

As of September 30, 2018, the company had \$28.8 million in cash and cash equivalents.

The Company has recently strengthened its management team to support expanded operations and commercialization of AquaRefining. In late August it hired Terri Bradfield as Vice President of Human Resources and recently promoted Sam Mohanta to Vice President of Engineering from Director of Process Engineering and David Regan to Senior Director of Commercial from Director, Marketing & Business Development. This week, the Company announced the addition of Judd Merrill, CPA, as Chief Financial Officer. These individuals are well suited to help support the Company through its strategic transformation from commercialization of the first AquaRefinery to a capital light expansion model of deploying AquaRefining with existing and prospective partners.

“This is an exciting time for Aqua Metals,” added Cotton. “In Q3, we transitioned to continuous daily production of AquaRefined lead and now have our core product in its final ingot form at industry leading 99.996+% purity. We continue to make enhancements to improve module runtime and we anticipate continued growth in utilization in the coming weeks and months. In addition to our efforts to improve production, we are also focused on improving contribution and gross margins to unlock rational scaling of production. As we work hard to complete the electrolyte management upgrades in the fourth quarter as part of Phase One of our capital improvements, estimated to take us up to 75% of our target for electrolyte recapture, we have also already begun testing related to Phase Two, which we anticipate will complete the remaining 25% in 2019. We also recently announced the commissioning of our ingot line and are now equipped to ship all AquaRefined lead, and soon additional lead from metallics, in ingot form directly to battery manufacturing facilities.”

“We also have plans to further improve plant economics by processing a proportion of the metallic lead we recover from breaking batteries. By increasing the proportion of finished lead, for which we can receive a premium over LME, we have the potential to unlock further

contribution margin. We are also working with prospective lead buyers who are seeking ultra-pure lead for a multitude of applications and for which we could receive even higher premiums.”

Cotton concluded, “Finally, as we continue our commercialization efforts, our 12-month plan also includes the pursuit and evaluation 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 to our existing and potential strategic partners.”

Conference Call and Webcast

Aqua Metals will hold a conference call today, Wednesday November 7, 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 December 7, 2018 by dialing (844) 512-2921 or (412) 317-6671 and using pin number 10005832.

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, Nevada, 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 Quarterly Report on Form 10-Q filed on November 7, 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

	September 30, 2018	December 31, 2017
Current assets		
Cash and cash equivalents	\$ 28,772	\$ 22,793
Accounts receivable	861	882
Inventory	1,089	1,239
Prepaid expenses and other current assets	322	770
Total current assets	<u>31,044</u>	<u>25,684</u>
Non-current assets		
Property and equipment, net	46,411	45,733
Intellectual property, net	1,318	1,461
Other assets	1,574	1,564
Total non-current assets	<u>49,303</u>	<u>48,758</u>
Total assets	<u><u>\$ 80,347</u></u>	<u><u>\$ 74,442</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 1,874	\$ 1,436

Accrued expenses	2,020	1,801
Deferred rent, current portion	203	192
Notes payable, current portion	323	405
Convertible note payable, current portion	3,029	-
Total current liabilities	<u>7,449</u>	<u>3,834</u>
Deferred rent, non-current portion	644	771
Asset retirement obligation	733	701
Notes payable, non-current portion	8,669	8,839
Convertible note payable, non-current portion	-	1,332
Total liabilities	<u>17,495</u>	<u>15,477</u>
Stockholders' equity		
Common stock and Additional paid-in capital	144,416	113,807
Accumulated deficit	(81,564)	(54,842)
Total stockholders' equity	<u>62,852</u>	<u>58,965</u>
Total liabilities and stockholders' equity	<u>\$ 80,347</u>	<u>\$ 74,442</u>

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

Aqua Metals, Inc.
Income Statement tables
for Earnings Release

	Three months ended September 30		Nine months ended September 30,	
	2018	2017	2018	2017
Product sales	\$ 1,169	\$ 589	\$ 3,378	\$ 1,192
Operating cost and expense				
Cost of product sales	6,453	3,140	16,489	5,671
Research and development cost	967	1,367	3,645	6,538
General and administrative expense	2,174	1,925	7,862	4,897
Impairment charge	-	-	-	2,411
Total operating expense	<u>9,594</u>	<u>6,432</u>	<u>27,996</u>	<u>19,517</u>

Loss from operations	<u>(8,425)</u>	<u>(5,843)</u>	<u>(24,618)</u>	<u>(18,325)</u>
Other income and expense				
Interest expense	(919)	(454)	(2,225)	(1,250)
Interest and other income	<u>81</u>	<u>7</u>	<u>123</u>	<u>28</u>
Total other expense, net	<u>(838)</u>	<u>(447)</u>	<u>(2,102)</u>	<u>(1,222)</u>
Loss before income tax expense	(9,263)	(6,290)	(26,720)	(19,547)
Income tax expense	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Net loss	<u>\$ (9,263)</u>	<u>\$ (6,290)</u>	<u>\$ (26,722)</u>	<u>\$ (19,549)</u>
Weighted average shares outstanding, basic and diluted	<u>38,779,710</u>	<u>20,265,020</u>	<u>32,553,939</u>	<u>19,732,372</u>
Basic and diluted net loss per share	<u>\$ (0.24)</u>	<u>\$ (0.31)</u>	<u>\$ (0.82)</u>	<u>\$ (0.99)</u>

Contact: Alison Ziegler, Darrow Associates (201) 220-2678
aziegler@darrowir.com



Source: Aqua Metals