

Midwest Energy Emissions Corp. Reports Record First Quarter 2017 Financial Results

Q1 2017 Revenues Increase 59% to \$5.4 Million

Company Adjusts Full Year 2017 Revenue Guidance to Between \$40 Million to \$45 Million, Representing an Increase of Between 23% to 39% over Full Year 2016 Revenue

LEWIS CENTER, OH -- (Marketwired) -- 05/16/17 -- Midwest Energy Emissions Corp. (OTCQB: MEEC) ("ME2C" or the "Company"), a leader in mercury emissions control in North America, has provided its financial results for the first quarter ended March 31, 2017.

First Quarter 2017 Results			
	Q1 2017	Q1 2016	CHANGE (%)
Revenues	\$5.4 million	\$3.4 million	59%
Operating Income (Loss)	(\$1.1) million	(\$0.3) million	N/A%
GAAP Net Income (Loss)	(\$1.4) million	\$0.9 million	N/A%
Adjusted EBITDA (non-GAAP) ¹	\$0.1 million	\$0.0 million	806%
Shares Outstanding (F/D)	74.2 million	47.4 million	57%

1. We define Adjusted EBITDA (a non-GAAP financial measure) as net income adjusted for interest and financing fees, income taxes, depreciation, amortization, stock based compensation and other non-cash income and expenses. Please see "Use of Non-GAAP Financial Measures" below.

Management Commentary

"We continued our steadfast progress in the first quarter of 2017, which is evidenced by our revenue growth of 59% to \$5.4 million," said Richard MacPherson, President and CEO of ME2C. "In addition to our first quarter typically being the low watermark of the year due to many southwestern utilities decreasing electricity generation during the colder months, we have also experienced a slower than expected closing rate of new, long term contracts.

"While this may be due to several factors, many of our competitors have reduced their overall cost of product in response to our growing presence in the marketplace, which has created a more competitive landscape and hesitations in disrupting long term legacy contracts already in place."

MacPherson continued, "That being said, we've maintained a robust sales pipeline in excess of 20 EGUs across the U.S. and Canada, which we continue to expand upon with new

opportunities added regularly, while also pursuing opportunities abroad. For the remainder of 2017, we are squarely focused on leveraging our IP portfolio and converting opportunities into long-term, recurring revenue contracts, while reducing unnecessary costs and maintaining a high margin, profitable business. In addition, we look forward to the positive effects on our sales from the acquisition of our patents in April 2017 from the Energy & Environmental Research Center Foundation. These patents cover our proprietary two part process for mercury control, and should provide new opportunities for meaningful licensing revenues throughout North America. Despite the lowered guidance for the year, our pipeline of opportunities remains intact, which ultimately should drive shareholder value over the long term as we execute upon our strategic initiatives."

Recent Corporate Highlights

In January 2017, the Company announced that it added a new product to its proven, cost-effective mercury capture program that will reduce mercury emissions by preventing scrubber reemission events. The product is specifically designed for coal-fired power utilities with wet scrubbers to help remove mercury, as well as other metals, from the scrubber. This new product has been successfully demonstrated at several large coal-burning power facilities and has consistently proven to reduce mercury reemission from wet flue gas desulfurization systems, achieving greater than 95% mercury control, resulting in stack mercury emissions well below MATS compliance limits. The Company is moving forward aggressively with this product, as there are over 150 opportunities across the nation being targeted.

In March 2017, ME2C secured an order in excess of \$1,000,000 for a new injection system for a large fleet owner of electric generating units (EGUs) which uses ME2C's proprietary Sorbent Enhancement Additive (SEA™) Technology. It is expected that this order will lead to several other opportunities throughout this customer's fleet.

In April 2017, ME2C secured a contract renewal valued at over \$5.0 million in the aggregate over the next two years from a current utility customer in the Midwest region of the United States. The customer has been utilizing ME2C's proprietary Sorbent Enhancement Additive (SEA™) Technology since 2015 to achieve and remain in full compliance with Mercury and Air Toxic Standards (MATS).

In April 2017, the Company acquired in entirety all of the patents related to mercury control from the Energy & Environmental Research Center Foundation (EERCF), located in Grand Forks, North Dakota for \$2.5 million and 925,000 shares of common stock. The technology was originally developed at the University of North Dakota Energy & Environmental Research Center.

ME2C currently has over 20 potential customer EGU's under consideration in varying stages of testing, demonstration and contract negotiation.

First Quarter 2017 Financial Results

Total revenues in the first quarter of 2017 increased 59% to \$5.4 million, compared to \$3.4 million in the first quarter of 2016. This growth is primarily due to higher product sales over the prior year as a result of many of the Company's contracted EGUs in the first quarter of 2016 not beginning MATS compliance activities until April 2016.

Operating loss in the first quarter of 2017 was \$1.1 million, compared to an operating loss of \$0.3 million in the first quarter of 2016.

Net loss in the first quarter of 2017 was \$1.4 million, or (\$0.02) per diluted share, compared to net income of \$0.9 million, or \$0.02 per diluted share, in the first quarter of 2016. The net loss for the first quarter of 2017 was primarily due to a smaller increase in the change in fair value of warrant liability as recognized in the first quarter of 2016, as well as higher selling, general and administrative expenses.

Adjusted EBITDA in the first quarter of 2017 was \$145,000, compared to \$16,000 in the same year-ago quarter. These improvements were primarily due to our customers MATS compliance activities versus the previous year when MATS compliance was not yet required at many of the Company's customer sites.

On March 31, 2017, the Company had cash and cash equivalents of \$4.4 million, compared to \$7.8 million on December 31, 2016.

Full Year 2017 Revenue Guidance

For the full year ending December 31, 2017, the Company has adjusted guidance and now expects revenues of between \$40 million to \$45 million, an increase of between 23% to 39%, when compared to revenue of \$32.3 million for the full year ended December 31, 2016. This guidance is based on current power demand forecasts, plant projections and additional EGU's expected to be secured.

Conference Call and Webcast

Management will host a conference call today, May 16, 2017 at 11:30 a.m. Eastern time to discuss ME2C's first quarter 2017 results, provide a corporate update, and conclude with a Q&A from participants. To participate, please use the following information:

Date: Tuesday, May 16, 2017

Time: 11:30 a.m. Eastern time

U.S. Dial-in: 1-888-430-8691

International Dial-in: 1-719-325-2177

Conference ID: 9190392

Webcast: <http://public.viavid.com/index.php?id=124007>

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 July 16, 2017. To listen, call 1-844-512-2921 within the United States or 1-412-317-6671 when calling internationally. Please use the replay pin number 9190392.

About Midwest Energy Emissions Corp. (ME2C)

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 requires that all coal- and oil-fired power plants in the U.S., larger than 25 mega-watts 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 interest and financing fees, 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.

We prepare and publicly release yearly audited financial statements prepared in accordance with GAAP. The following table shows our reconciliation of Net Income to Adjusted EBITDA for the quarter ended March 31, 2017 and 2016, respectively:

	<u>Quarter Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
	(In thousands)	
Net (loss) income	\$ (1,445)	\$ 908
Non-GAAP adjustments:		
Depreciation and amortization	302	164
Interest	540	2,073
Taxes	10	1
Stock based compensation	946	179
Change in warrant liability	<u>(208)</u>	<u>(3,309)</u>
Adjusted EBITDA	\$ 145	\$ 16

We are including below our unaudited reconciliation of Net Income to Adjusted EBITDA on a quarterly basis for the quarters ended June 30, 2016, September 30, 2016, December 31, 2016 and March 31, 2017:

	<u>Quarter Ended (Unaudited)</u>			
	<u>3/31/2017</u>	<u>12/31/2016</u>	<u>9/30/2016</u>	<u>6/30/2016</u>
	(In thousands)			
Net (loss) income	\$ (1,445)	\$ (246)	\$ (9,302)	\$ (8,243)
Non-GAAP adjustments:				
Depreciation and amortization	302	271	249	229
Interest	540	1,060	973	1,033
Taxes	10	(497)	20	3
Stock based compensation	946	191	385	404
Change in warrant liability	(208)	439	9,985	7,566
Gain on restructuring	-	(407)	-	-
Adjusted EBITDA	<u>\$ 145</u>	<u>\$ 811</u>	<u>\$ 2,310</u>	<u>\$ 992</u>

MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

MARCH 31, 2017 AND DECEMBER 31, 2016
(UNAUDITED)

	March 31, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,378,550	\$ 7,751,557
Accounts receivable	2,205,739	3,553,096
Inventory	1,240,893	609,072
Prepaid expenses and other assets	201,905	199,495
Total current assets	8,027,087	12,113,220
Property and equipment, net	2,938,955	2,569,354
Deferred Tax Asset	500,000	500,000
License, net	51,475	52,945
Customer acquisition costs, net	521,359	642,203
Total assets	\$ 12,038,876	\$ 15,877,722
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	\$ 950,948	\$ 4,363,553
Current portion of notes payable	2,125,000	1,500,000
Current portion of equipment notes payable	58,446	39,499
Customer credits	590,206	590,206
Total current liabilities	3,724,600	6,493,258
Notes payable, net of discount and issuance costs	11,208,465	11,678,669
Convertible notes payable, net of discount and issuance costs	1,185,041	1,142,154
Warrant liability	991,000	1,313,000
Accrued interest	38,750	78,750
Equipment notes payable	213,310	143,135
Total liabilities	17,361,166	20,848,966
Stockholders' deficit		
Preferred stock, \$.001 par value: 2,000,000 shares authorized	-	-
Common stock; \$.001 par value; 150,000,000 shares authorized; 73,707,128 shares issued and outstanding as of March 31, 2017	73,707	73,510
73,509,663 shares issued and outstanding as of December 31, 2016	73,707	73,510

Additional paid-in capital	50,932,511	49,838,469
Accumulated deficit	<u>(56,328,508)</u>	<u>(54,883,223)</u>
Total stockholders' deficit	<u>(5,322,290)</u>	<u>(4,971,244)</u>
Total liabilities and stockholders' deficit	<u>\$ 12,038,876</u>	<u>\$ 15,877,722</u>

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 MONTHS ENDED MARCH 31, 2017 AND 2016
(UNAUDITED)

	For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
	<u> </u>	<u> </u>
Revenues		
Product sales	\$ 5,284,234	\$ 2,837,628
Equipment sales	7,160	164,400
Demonstrations and consulting services	<u>136,000</u>	<u>371,283</u>
Total revenues:	5,427,394	3,373,311
Costs and expenses:		
Cost of sales	3,785,922	2,617,188
Selling, general and administrative expenses	<u>2,694,282</u>	<u>1,040,590</u>
Total costs and expenses	<u>6,480,204</u>	<u>3,657,778</u>
Operating loss	(1,052,810)	(284,467)
Other (expense) income		
Interest expense	(540,475)	(2,073,144)
Letter of credit fees	(60,000)	(42,667)
Change in value of warrant liability	<u>208,000</u>	<u>3,309,400</u>
Total other (expense) income	<u>(392,475)</u>	<u>1,193,589</u>
Net (loss) income before taxes	<u>(1,445,285)</u>	<u>909,122</u>

Income tax expense	-	(828)
Net (loss) income	\$ (1,445,285)	\$ 908,294
Net (loss) income per common share - basic and diluted:	\$ (0.02)	\$ 0.02
Weighted average common shares outstanding	73,585,727	47,358,618

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

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