

# Midwest Energy Emissions Corp. Reports Significant Increase in Revenues

## Company Announces Strong Close to 2015

LEWIS CENTER, OH -- (Marketwired) -- 04/05/16 -- 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 year ending December 31, 2015.

### ***2015 Financial Highlights***

- Revenues of \$12,632,000 compared to \$2,794,000 in 2014 -- Increase of 352%
- Operating loss of \$3,689,000 compared to \$6,478,000 in 2014 -- Improvement of 43%
- Adjusted earnings before interest, taxes, depreciation, and amortization (Adjusted EBITDA) of \$(1,175,000) compared to \$(2,781,000) in 2014 -- Improvement of 58%

### ***Results Overview***

Consolidated revenues for 2015 were more than \$12.6 million including revenues of over \$6.9 million generated by the completed installation and commissioning of four equipment projects at various customer sites in order to execute on several multi-million dollar supply contracts. Also in 2015, the Company achieved product sales of more than \$2.7 million to customers under contract to meet present mercury regulations.

The increased revenues, and the operating margins earned on those revenues, were the primary reason for the significant improvements in both operating loss and Adjusted EBITDA. The Adjusted EBITDA for the first quarter of 2015 was \$(1,055,000). With product revenues for Mercury and Air Toxics Standards (MATS) compliance beginning on four of the now 19 electric generating units currently under contract, added to successfully completed equipment and testing projects, the Adjusted EBITDA was \$(120,000) over the last nine months of 2015.

Richard MacPherson, CEO, stated "The Company is very well positioned to capitalize in 2016 on the successes of 2015 as the remainder of our customers begin to comply with MATS. The Company's revenues will continue to grow at a rapid pace."

MacPherson continued, "We expect to continue to grow our customer base this year and believe our ongoing technological developments will have a significant impact on our ability to secure new clients across the industry."

"We anticipate significant cash flow and operating profit growth quarter over quarter in 2016 as we implement our technologies to our growing fleet of customers. This is the year we expect to see the financial results that have been years in the making," MacPherson said.

### ***About Midwest Energy Emissions Corp. (ME2C)***

[Midwest Energy Emissions Corp.](#) 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, must remove roughly 90% of mercury from their emissions starting April 15, 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. The D.C. Circuit has since remanded the rule to the EPA for further consideration, but without vacatur, allowing MATS to remain in effect until the EPA issues a final finding. The EPA has represented that it is on track to issue a final finding by April 15, 2016. 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.

### ***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. 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.

### ***Reconciliation of Net Loss to Adjusted EBITDA***

	Year Ended December 31,	
	2015	2014
	(in thousands)	
Net loss	\$ (14,262)	\$ (5,008)
Non-GAAP adjustments:		
Depreciation and amortization	391	387
Interest	6,214	2,725
State income taxes	41	-
Stock based compensation	789	3,319
Change in warrant liability	3,194	(4,204)
Settlement charges	1,335	-
Debt conversion costs	1,123	-
Adjusted EBITDA	<u>\$ (1,175)</u>	<u>\$ (2,781)</u>

### ***Reconciliation of Net Income to Adjusted EBITDA***

	Quarter Ended (Unaudited)			
	12/31/2015	9/30/2015	6/30/2015	3/31/2015
	(in thousands)			
Net income (loss)	\$ (7,138)	\$ (1,155)	\$ 599	\$ (6,568)
Non-GAAP adjustments:				
Depreciation and amortization	123	103	99	66
Interest	950	906	936	3,422
State income taxes	5	8	8	20
Stock based compensation	177	280	206	126
Change in warrant liability	4,655	(145)	(3,195)	1,879
Settlement charges	1,335	-	-	-

Debt conversion costs	-	161	962	-
Adjusted EBITDA	\$ 107	\$ 158	\$ (385)	\$ (1,055)

**MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,083,280	\$ 7,212,114
Accounts receivable	1,150,602	410,950
Inventory	2,715,913	5,784,905
Prepaid expenses and other assets	161,813	140,559
<b>Total current assets</b>	<u>5,111,608</u>	<u>13,548,528</u>
Property and equipment, net	1,243,450	255,330
License, net	58,825	64,707
Prepaid expenses and other assets	4,058	13,799
Customer acquisition costs, net	897,428	1,156,521
<b>Total assets</b>	<u>\$ 7,315,369</u>	<u>\$ 15,038,885</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 1,235,162	\$ 1,174,521
Deferred revenue	2,281,760	5,808,301
Convertible notes payable	2,497,114	3,080,376
Customer credits	936,500	936,500
Other current liabilities	-	250,000
<b>Total current liabilities</b>	<u>6,950,536</u>	<u>11,249,698</u>
Convertible notes payable, net of discount and issuance costs	3,175,085	2,438,902
Warrant liability	9,854,400	5,597,011
Accrued interest	169,202	337,999
Equipment notes payable	111,144	-
<b>Total liabilities</b>	<u>20,260,367</u>	<u>19,623,610</u>
<b>Stockholders' deficit</b>		
Preferred stock, \$.001 par value: 2,000,000 shares authorized	-	-

Common stock; \$.001 par value; 150,000,000  
shares authorized;

47,194,118 shares issued and outstanding as of  
December 31, 2015

40,228,123 shares issued and outstanding as of  
December 31, 2014

Additional paid-in capital

Accumulated deficit

47,194	40,228
25,008,016	19,113,724
<u>(38,000,208)</u>	<u>(23,738,677)</u>

**Total stockholders' deficit**

<u>(12,944,998)</u>	<u>(4,584,725)</u>
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**Total liabilities and stockholders' deficit**

<u>\$ 7,315,369</u>	<u>\$ 15,038,885</u>
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**MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<i>For the Year Ended December 31, 2015</i>	<i>For the Year Ended December 31, 2014</i>
<b>Revenues</b>		
Product sales	\$ 5,028,184	\$ 2,451,051
Equipment sales	6,939,412	-
Demonstrations and consulting services	<u>664,323</u>	<u>343,155</u>
<b>Total revenues:</b>	<u>12,631,919</u>	<u>2,794,206</u>
<b>Costs and expenses:</b>		
Cost of goods sold	8,629,570	1,483,379
Operating expenses	1,812,355	904,914
License maintenance fees	300,000	300,000
Selling, general and administrative expenses	3,180,419	5,518,032
Settlement charges	1,335,394	-
Depreciation and amortization	390,828	387,123
Professional fees	<u>672,269</u>	<u>678,725</u>
<b>Total costs and expenses</b>	<u>16,320,835</u>	<u>9,272,173</u>
<b>Operating loss</b>	(3,688,916)	(6,477,967)
<b>Other income (expense)</b>		
Interest expense	(6,213,897)	(2,724,506)
Change in value of warrant liability	(3,194,189)	4,204,189

Debt conversion inducement expense	(1,123,380)	-
State income taxes	<u>(41,149)</u>	<u>(9,273)</u>

<b>Total other income (expense)</b>	<u>(10,572,615)</u>	<u>1,470,410</u>
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<b>Net loss</b>	<u><u>\$ (14,261,531)</u></u>	<u><u>\$ (5,007,557)</u></u>
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Source: Midwest Energy Emissions Corp.