May 16, 2016

Midwest Energy Emissions Corp. Reports Q1 2016 Financial Results

Q1 2016 Revenues Increase 1,286% to $3.4 Million; Drives Net Income of $0.9 Million

LEWIS CENTER, OH -- (Marketwired) -- 05/16/16 -- Midwest Energy Emissions Corp. (OTCQB: MEEC) ("ME2C" or the "Company"), an emerging leader in mercury emissions control technology for the global coal-power industry, has announced its financial results for first quarter, which ended March 31, 2016.

First Quarter 2016 Financial Highlights

- Total revenues increased 1,286% to $3.4 million compared to $243,000 in the same year-ago quarter.
- Adjusted EBITDA grew to $16,000 compared to $(1.1) million in the same year-ago quarter.
- Net income increased to $0.9 million, or $0.02 per diluted share, compared to a net loss of $6.6 million, or $(0.16) per diluted share, in the same year-ago quarter.

Financials Results

Total revenues in the first quarter of 2016 increased 1,286% to $3.4 million, compared to $243,000 in the same year-ago quarter. This growth was primarily due to our customers preparing for compliance with the Mercury and Air Toxics Standards (MATS) as their one year exemptions expired in April 2016. These efforts provided the Company with higher sales of proprietary materials as customers increased testing of their installed systems and built inventory. By the end of the first quarter of 2016, ME2C increased the number of electric generating units (EGU's) under contract to 19.

Adjusted EBITDA in the first quarter of 2016 totaled $16,000 compared to $(1.1) million in the same year-ago quarter. Net income in the first quarter of 2016 was $0.9 million, or $0.02 per diluted share, compared to a net loss of $6.6 million, or $(0.16) per diluted share, in the first quarter of 2015.

These improvements were primarily due to the aforementioned increase in revenues, as well improved gross margin, decreased interest expense and a gain on the change in value of warrant liability.

On March 31, 2016, the Company had cash and cash equivalents of $0.5 million compared to $1.1 million on December 31, 2015.

Management Commentary

"The momentum we established in 2015 has continued into the first quarter, evidenced by our significant increase in revenues as a result of our customers beginning to comply with MATS using our proprietary SEA™ Technology," said Richard MacPherson, President and

CEO of ME2C. "Our mercury control program, along with strong industry tailwinds for mercury compliance have resulted in the most robust pipeline of potential customers in the Company's history, positioning us for continued revenue growth and cash flow generation."

"Looking towards the remainder of 2016, we are anticipating continued growth in our rapidly expanding customer base. In addition, the long-term agreements we currently have in place provide us with significant recurring revenues that will allow us to continue investing in R&D, introduce new products and services, and ultimately, increase shareholder value," MacPherson concluded.

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, 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. On April 14, 2016, the EPA issued a final supplemental finding upholding the rule and concluding that a cost analysis supports the MATS rule. ME2C expects legal challenges to the rule will continue. 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. 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.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016 AND DECEMBER 31, 2015
(UNAUDITED)

	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 477,948	$ 1,083,280
Accounts receivable	1,369,356	1,150,602
Inventory	2,700,692	2,715,913
Prepaid expenses and other assets	135,798	161,813
Total current assets	4,683,794	5,111,608
Property and equipment, net	1,933,574	1,243,450
License, net	57,354	58,825
Prepaid expenses and other assets	-	4,058
Customer acquisition costs, net	1,004,737	897,428
Total assets	$ 7,679,459	$ 7,315,369
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	$ 1,924,859	$ 1,235,162
Deferred revenue	2,140,200	2,281,760

Convertible notes payable	3,321,037	2,497,114
Current portion of equipment notes payable	27,928	20,979
Customer credits	936,500	936,500
Total current liabilities	8,350,524	6,971,515
Convertible notes payable, net of discount	3,241,110	3,175,085
Warrant liability	7,641,000	9,854,400
Accrued interest	75,875	169,202
Equipment notes payable	124,546	90,165
Total liabilities	19,433,055	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 March 31, 2016 47,194,118 shares issued and outstanding as of December 31, 2015	47,359	47,194
Additional paid-in capital	25,290,959	25,008,016
Accumulated deficit	(37,091,914)	(38,000,208)
Total stockholders' deficit	(11,753,596)	(12,944,998)
Total liabilities and stockholders' deficit	$ 7,679,459	$ 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 MONTHS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)

	For the Three Months Ended March 31, 2016 (Unaudited)	***For the Three Months Ended March 31, 2015 (Unaudited)***
Revenues	$ 3,373,311	$ 243,344
Costs and expenses:		
Cost of goods sold	1,918,525	149,689
Operating expenses	564,662	347,170

License maintenance fees	75,000	75,000
Selling, general and administrative expenses	750,103	681,783
Depreciation and amortization	163,924	65,588
Professional fees	185,564	170,245
Total costs and expenses	3,657,778	1,489,475
Operating loss	(284,467)	(1,246,131)
Other income (expenses)		
Interest expense	(2,073,144)	(3,422,356)
Letter of credit fees	(42,667)	-
Change in value of warrant liability	3,309,400	(1,878,550)
State income taxes	(828)	(20,495)
Total other income (expenses)	1,192,761	(5,321,401)
Net income (loss)	$ 908,294	$ (6,567,532)
Net income (loss) per common share - basic and diluted:	$ 0.02	$ (0.16)
Weighted average common shares outstanding	47,358,618	40,414,884

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

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(UNAUDITED)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated (Deficit)	Total Stockholders' Deficit
Balance - December 31, 2015	47,194,118	$ 47,194	$ 25,008,016	$ (38,000,208)	$ (12,944,998)

Stock issued for interest on notes payable	164,500	165	103,470	-	103,635
Issuance of stock options	-	-	179,473	-	179,473
Net income (loss) for the period				908,294	908,294
Balance - March 31, 2016	47,358,618	$ 47,359	$ 25,290,959	$ (37,091,914)	$ (11,753,596)

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

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)

	For the Three Months Ended March 31, 2016 (Unaudited)	For the Three Months Ended March 31, 2015 (Unaudited)	December 17, 2008 (Inception) Through December 31, 2012
Cash flows from operating activities			
Net income (loss)	$ 908,294	$ (6,567,532)	$ (13,877,480)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Stock based compensation	179,473	125,528	3,846,134
Amortization of license fees	1,471	1,471	23,529
Amortization of discount of notes payable	425,870	2,782,346	-
Amortization of debt issuance costs	167,510	169,664	-
Amortization of customer acquisition costs	80,916	49,117	
Depreciation expense	81,537	15,000	428,641
(Gain) loss on the change in value of warrant liability	(3,309,400)	1,878,550	

Noncash debt issuance costs	1,096,000	-	
PIK interest	231,001	535,690	(104,024)
Change in assets and liabilities			
Increase in accounts receivable	(406,979)	(827,394)	(274,464)
Decrease (increase) in inventory	15,221	(1,291,453)	(37,993)
Decrease (increase) in prepaid expenses and other assets	30,073	(13,447)	(103,003)
Increase in accounts payable and accrued liabilities	760,410	70,070	783,442
Increase (decrease) in deferred revenue	(141,560)	1,386,950	
Net cash provided by (used in) operating activities	119,837	(1,685,440)	(4,322,387)
Cash flows used in investing activities			
Purchase of property and equipment	(725,169)	(512,717)	(1,414,602)
Net cash used in investing activities	(725,169)	(512,717)	(1,503,452)
Cash flows from financing activities			
Payment of convertible promissory notes	-	(3,000,000)	483,500
Net cash used in financing activities	-	(3,000,000)	6,015,206
Net decrease in cash and cash equivalents	(605,332)	(5,198,157)	189,367
Cash and cash equivalents - beginning of period	1,083,280	7,212,114	-
Cash and cash equivalents - end of period	$ 477,948	$ 2,013,957	$ 189,367
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid during the period for: Interest	$ 47,887	$ 256	$ 11,837
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS			

Equipment purchases included in accounts payable	$ -	$ 108,133	$ 112,000
Conversion of debt and accrued interest to equity	$ -	$ 42,684	
Issuance of common stock as payment of interest on convertible notes payable	$ 103,635	$ 104,005	
Conversion of accrued interest to debt	$ 65,567	$ 535,690	$ 112,000
Conversion of accounts receivable to customer acquisition costs	$ 188,225	$ -	
Equipment purchases included in notes payable	$ 46,492	$ -	

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

	Quarter Ended March 31,	
	2016	2015
	(in thousands)	
Net income (loss)	$ 908	$ (6,568)
Non-GAAP adjustments:		
Depreciation and amortization	164	66
Interest	2,073	3,422
State income taxes	1	20
Stock based compensation	179	126
Change in warrant liability	(3,309)	1,879
Settlement charges	-	-
Debt conversion costs	-	-
Adjusted EBITDA	$ 16	$ (1,055)

Quarter Ended (Unaudited)			
3/31/2016	12/31/2015	9/30/2015	6/30/2015

		(in thousands)			
A	Net income (loss)	$ 908	$ (7,138)	$ (1,155)	$ 599
	Non-GAAP adjustments:				
B	Depreciation and amortization	164	123	103	99
C	Interest	2,073	950	906	936
D	State income taxes	1	5	8	8
E	Stock based compensation	179	177	280	206
F	Change in warrant liability	(3,309)	4,655	(145)	(3,195)
G	Settlement charges	-	1,335	-	-
H	Debt conversion costs	-	-	161	962
	Adjusted EBITDA	$ 16	$ 107	$ 158	$ (385)

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