



**AQUAMETALS**

NASDAQ: AQMS

# Q1 2018 Earnings Call

May 9, 2018

# Safe Harbor

This earnings call 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 May 9, 2018 and the Company’s Annual Report on Form 10-K to be filed with the SEC. 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.

# Agenda

- History
- Progress in 2018
- Current state of Operations
- Financial Review
- Recent Enhancements to Board & Management Team
- Milestones
- Q&A



# Company has come a long way in a few short years...

YEAR	HIGHLIGHTS
2013	<ul style="list-style-type: none"><li>• 6 guys in a garage with an idea and a lab experiment</li><li>• Lab scale unit</li><li>• First provisional patent application – 5 inventors</li></ul>
2014	<ul style="list-style-type: none"><li>• Development of Aqua Refining concept</li><li>• First funding</li><li>• Full scale unit</li></ul>
2015	<ul style="list-style-type: none"><li>• First PCT patent application</li><li>• IPO</li><li>• Broke ground on factory August 2015</li></ul>
2016	<ul style="list-style-type: none"><li>• Finished construction of factory</li><li>• Started crushing batteries</li></ul>
2017/8	<ul style="list-style-type: none"><li>• 90 patent applications, secured patents in seven jurisdictions</li><li>• “Sticky lead” issue addressed</li><li>• Four AquaRefining modules operating on a single shift</li></ul>

# Operations Progress Since Beginning of the Year

- Late 2017 identified “sticky lead” issue
- Several solutions developed and tested
  - Modifications first applied and validated on a single electrolyzer
    - Ran for 14 days in February for total of more than 80 hours
    - Validation culminated in a 24 hour run
  - Modifications then applied to a full module (6 electrolyzers)
    - Design was frozen and parts ordered
- March 2018, Aqua Metals began the process of bringing on line the first four AquaRefining modules



# Our Current Operations

- Modules go through conditioning period supervised by the technical team before moving to production
- 4 Aqua Refining modules have completed the conditioning period and are running on a single shift
- Immediate focus on achieving 24-hour operations before bringing additional modules on line
- Goal remains to have all 16 modules running for 24 hours a day



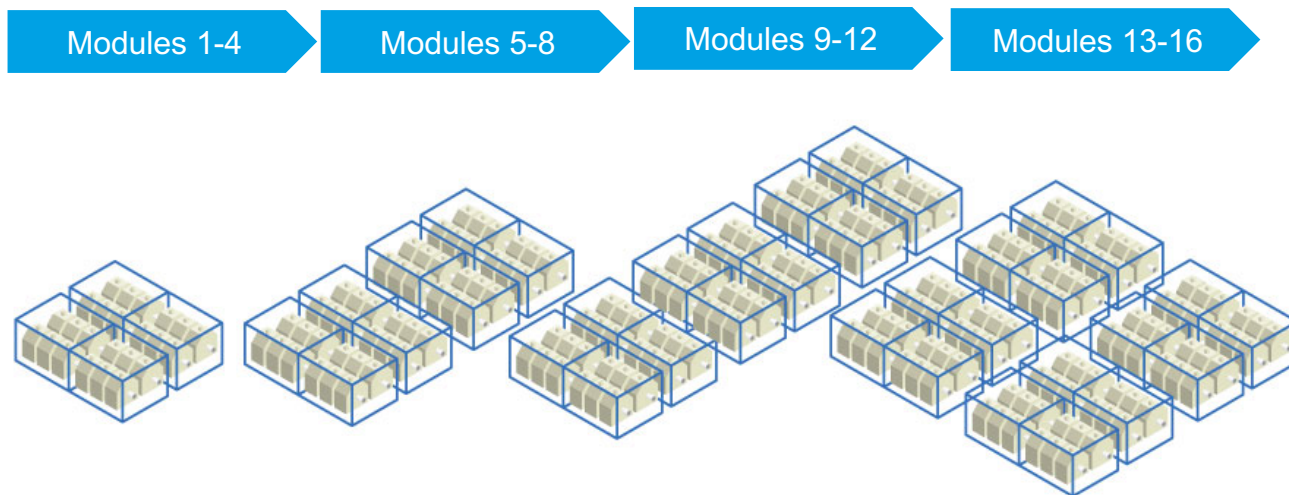
# Why 24-Hour Operation First?

- Maximizes lead production
  - Starting and stopping each day can lose 3 hours a shift
  - Running non-stop for 24 hours maximizes effective production hours
    - 16 modules x 5 hours gives 80 effective production hours
    - 4 modules x 24 hours gives 96 hours
- Real learning comes from operating extended hours
  - Continuous process designed to run at steady state
  - Approach increases steady state running
- With 24-hour production team established it will be easier to add additional modules into production
  - Apply learning to next batch of 4 modules



# Moving From 4 Modules to 16

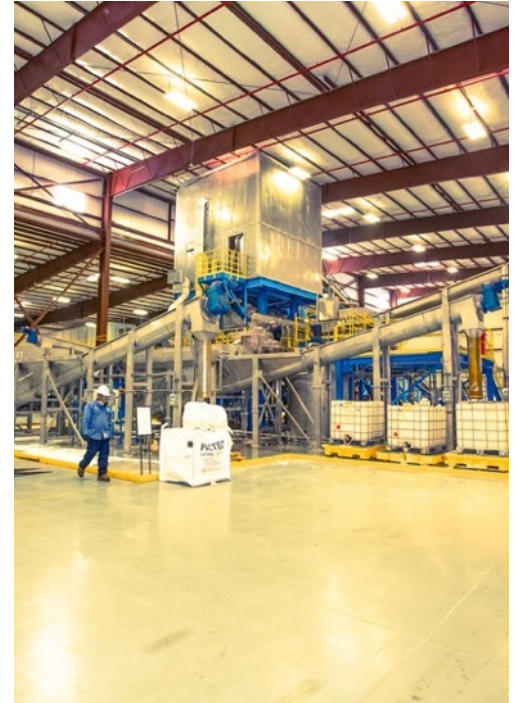
- Once satisfied with the operations of the first four modules and supporting plant, we will bring additional modules on line, in batches of 4, until all 16 modules are fully operational





# 4 Modules in Production is Great Validation of Our Process

- Aqua Metals technology is modular – each module is identical
- Our challenge now is less about getting the AquaRefining technology to work and more about:
  - Making sure the traditional recycling processes are up to rate and running reliably
    - Breaker and separation
    - Melting and casting
    - Water treatment
    - Air compressors and pumps
  - Recruiting and training staff
- We are confident in our ability to succeed but also realistic enough to know that there will still be challenges ahead



# Lead Production and Shipments

- Product progression
  - Start with lead bullion – AquaRefined and “direct to kettle” lead combined into standardized lead product
  - Progress to high purity grades of AquaRefined lead
  - Then produce specific lead alloys to JCI’s specification
- Commercial shipment of lead to JCI
  - One shipment (20 tonnes) of bullion lead sent to JCI
  - Shipments will remain bullion until bleed out priming lead
  - Expect to continue shipments as we ramp production



Shipment to JCI

# Partnership with JCI



- Partnership remains strong and in place
- Johnson Controls Equipment Supply Agreement extended by one year.
  - April 30, 2019 - date to conclude negotiation and discussion on the Development Program
  - June 30, 2019 - date to enter into the Development Program

# Q1 2018 Financial Performance

<b>Financial Highlights</b>	<b>Quarter Ended 3/31/18</b>	<b>Quarter Ended 12/31/17</b>
Product Sales	\$1.7M	\$0.9M
Loss from Operations	\$(7.0M)	\$(6.5M)
Net Loss	\$(7.5M)	\$(7.0M)
Cash @ 3/31/18	\$17.5M	
Total Current Assets @ 3/31/18	\$20.4M	
Capex Spend in Q1 '18	\$1.6M	
Total Property & Equipment, at 3/31/18	\$50.8M	

# Management and Board Enhancements

- Planned CEO succession/process for board refreshment & settlement with Kanen Wealth Management
- Stephen Clarke resigned as President, CEO & Chairman
- New Independent Directors:
  - S. Shariq Yosufzai (Non-Executive Chairman and lead independent director)
  - Sushil ("Sam") Kapoor
  - Eric Prouty
- Management Structure:
  - Steve Cotton, President
  - Selwyn Mould, COO
  - Frank Knuettel II, CFO



S. Shariq Yosufzai



Sushil ("Sam") Kapoor



Eric Prouty

# Upcoming Milestones

- Ultimate goal of 16 AquaRefining modules running 24 hours a day is still our top priority.
- Milestones:
  - First 4 modules running 24 hours a day
  - Additional modules on-line in batches of four until all 16 are running 24 hours a day
  - Continued shipments of lead bullion blocks
  - Production of pure lead blocks and shipment to JCI





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