

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): March 11, 2020

AQUA METALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-37515
(Commission File Number)

47-1169572
(I.R.S. Employer Identification Number)

2500 Peru Dr.
McCarran, Nevada 89437
(Address of principal executive offices)

(775) 525-1936
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock: Par value \$.001	AQMS	Nasdaq Capital Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions.

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 2.02 Results of Operations and Financial Condition

On March 11, 2020 Aqua Metals Inc. issued a press release announcing its operational and financial results for the year ended December 31, 2019. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. The press release shall be deemed furnished, not filed, for purposes of this Current Report on Form 8-K. In connection with its year-end earnings call scheduled for March 11, 2020, the Company intends to present a corporate presentation, a copy of which is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. The corporate presentation shall be deemed furnished, not filed, for purposes of this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure

In connection with its year-end earnings call scheduled for March 11, 2020, the Company intends to present a corporate presentation, a copy of which is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. The corporate presentation shall be deemed furnished, not filed, for purposes of this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are being filed herewith:

<u>Exhibits</u>	<u>Description</u>
<u>99.1</u>	<u>Press Release dated March 11, 2020</u>
<u>99.2</u>	<u>Corporate Presentation dated March 11, 2020</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AQUA METALS, INC.

Dated: March 11, 2020

/s/ Judd Merrill

Judd Merrill

Chief Financial Officer



Lead Reinvented™

NEWS RELEASE

For Immediate Release
Contact: Glen Akselrod, Bristol Capital
(905) 326-1888, Ext. 1
glen@bristolir.com

Aqua Metals Announces 2019 Results

Recent Highlights:

- Demonstrated AquaRefining technology by running commercial demonstration scale operations producing ~35,000 ingots of ultra-pure 99.996+% lead sold to Clarios, the Worlds' largest battery manufacturer.
- Achieved 24x7 operations and ran up to 4 AquaRefining modules (24 electrolyzers) in steady state for up to a month at a time.
- Identified electrolyzer improvements expected to further reduce build and operating costs while increasing utilization percentage for more throughput.
- Awarded additional patents in ARIPO (Africa), Australia, India, Indonesia Japan and Vietnam for total of 27 patents issued, 3 applications allowed, 84 applications pending.
- Raised approximately \$32 million and paid off \$6.7 million convertible note.
- Fire occurred in the AquaRefining area of the recycling facility on November 29, 2019 causing \$40.0 million to \$50.0 million in damage and business interruption claims.
- Cause of fire was not related to the Aqua technology or process but rather contracting work being done in the area which had been idled several weeks earlier to facilitate the work.
- Engaged a public insurance adjuster in business for over 50 years who has been supporting the Company's legal and finance team to provide forensic accounting, construction expertise and direct interface with the insurers to assist the Company in quickly and properly documenting the loss and maximizing the Company's insurance recovery.
- Insurance carriers have initially paid \$10.0 million for damages as a result of the fire.
- Efforts to accelerate the development of our capital light business strategy designed to optimize shareholder value by focusing on licensing opportunities.

- Seeking to stabilize cash needs through the immediate shift to a capital light strategy post fire and by working to collect insurance proceeds and possibly selling assets that may not be required under our revised go forward business plans.
- Working towards debt free balance sheet by restructuring the remaining balance on the USDA-backed loan with Green Bank that was initially intended to support set up for running the AquaRefinery at full scale.

MCCARRAN, NV., Mar. 11, 2020 (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 year ended December 31, 2019.

"The misfortune and heartbreak caused by the fire in late November temporarily stopped us in our tracks. We quickly regrouped and are working to accelerate our already planned shift to a capital light go forward strategy. We believe we will be able to continue to non-dilutively fund the Company's go forward plan, through cash preservation, insurance collection and asset disposition as appropriate. We are focusing our efforts to complete the productization of AquaRefining by way of operating our V1.25L iteration in Q2 2020 in support of commercializing our licensing business and efforts to grow shareholder value," stated Steve Cotton, President and Chief Executive Officer.

2019 Financial Results

During the year ended December 31, 2019, the Company recognized revenue of \$4.9 million, a gain of 10% compared to \$4.4 million in 2018. Product sales consisted of high-purity lead from the AquaRefining process, resulting from increased production during the second and third quarters, as well as lead bullion, lead compounds and plastics. Limited production took place during the fourth quarter as plant operations were suspended while capital construction projects took place.

Cost of product sales increased by approximately 9% during the year to \$24.8 million compared to \$22.8 million in 2018. These costs remained high as a result of the initial ramp up but began to decrease as a percentage of revenue as the ramp up progressed. The cost of product sales is driven by materials and supplies related to increased production.

General and administrative expenses for 2019 were \$19.3 million, compared to \$14.2 million in 2018 an increase of approximately 36%. The most significant drivers of these increases were non-cash expense items. For the twelve months ended December 31, 2019, we had \$9.0 million of non-cash expense related to the Veolia agreement. In addition, non-cash stock-based compensation to our employees and directors increased by approximately \$2.8 million compared to the twelve months ended December 31, 2018.

For the year ended December 31, 2019, the Company had net loss of \$44.8 million, or (\$0.86) per diluted share, compared to a net loss of \$40.3 million, or (\$1.18) per diluted share, for the year ended December 31, 2018. The net loss for the year ended December 31, 2019 included \$13.2 million of non-cash items comprised of \$4.2 million in stock-based compensation and the \$9.0 million of expense related to the Veolia agreement. Excluding the impact of the Veolia non-cash compensation, the Company's adjusted net loss⁽¹⁾ was \$35.8 million and (\$0.69) per basic and diluted share. Weighted average shares outstanding for the year was 52.3 million.

As of December 31, 2019, the Company had \$7.6 million in cash and cash equivalents.

⁽¹⁾ This is a non-GAAP measure; refer to the non-GAAP adjusted net loss section of this Press Release for additional detail.

Outlook for 2020

We are developing and analyzing a proposed capital light business strategy intended to optimize shareholder value by focusing on licensing opportunities, which have always been a core part of our business plans. We believe this path has the potential to maximize shareholder value and could be far less capital intensive and potentially more value maximizing than a rebuild and could possibly be funded solely or primarily from a combination of cash on hand, insurance proceeds and asset dispositions. A capital light strategy is consistent with our long-held business strategy and objectives. The approach for developing this strategy is to pursue potential licensing opportunities within the lead battery recycling marketplace while strengthening our cash position by first, working on the successful collection of insurance proceeds with the assistance of our retained public adjuster and special counsel to facilitate the collection for property and business interruption losses, second, conducting the disposal of certain assets not essential to the capital light licensing strategy and third, restructuring the remaining balance on the USDA-backed loan with Green Bank that was initially set up to provide capital for a running facility and would be impractical with a shift to capital light technology licensing business. The proposed go forward capital light business strategy would potentially require less space and less

equipment and enable focus on the needs of our future licensees. We are working on demonstrating improved electrolyzers that would be specified for future licensees.

Conference Call and Webcast

Aqua Metals will hold a conference call and webcast at 1:30 p.m. PST (4:30 p.m. EST) to discuss these results. The Company will also provide a general corporate update including its post fire recovery plan for 2020 and beyond at that time. Interested parties are invited to register and listen to the call live over the internet at https://event.webcasts.com/starthere.jsp?ei=1288926&tp_key=7e934c3905. The live call is also available by dialing 877-497-9067 or for international callers 201-493-6706 and use conference ID: 13699973. If you do wish to ask a question, please access the internet portal as only questions submitted online will be accepted.

A replay of the teleconference will be available on <https://ir.aquametals.com/ir-calendar>. A replay will also be available until April 11, 2020 by dialing 877-660-6853 or 201-612-7415 and using conference ID: 13699973.

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 could help to meet growing demand for lead to power new applications including stop/start automobile batteries which complement the vehicle's main battery, lead acid batteries which are in electric vehicles, Internet data centers, alternative energy applications including solar, wind, and grid scale storage. Aqua Metals is based in McCarran, NV, 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", "estimates", "potential" and variations of such words or similar expressions that convey uncertainty of future events or outcomes, or that do not relate to historical matters. The forward looking statements in this Corporate Presentation include our expectations for the success of our accelerated licensing strategy; our expectations for

the nature and amount of licensing fees payable by our potential licensees; our expectations for the receipt of insurance proceeds from our claims relating to the November 2019 fire at our TRIC facility; the adequacy of such insurance proceeds, plus proceeds from the sale of legacy assets, to fund our licensing strategy; our ability to fund our future growth through non-dilutive forms of financing; the strength and efficacy of Aqua Metals' portfolio of patent applications and issued patents; and the future of lead acid battery recycling via traditional smelters. 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 we may not be able to satisfactorily demonstrate to potential licensees the technical and commercial viability of our AquaRefining process; (2) the risk that licensees may refuse or be slow to adopt our AquaRefining process as an alternative to smelting in spite of the perceived benefits of AquaRefining; (3) the risk that we may not realize the expected economic benefits from any licenses we may enter into; (4) the risk that we may not receive payments from our insurance carriers in amounts sufficient to compensate us for our losses; (5) the risk that our insurance recovery and proceeds from the sale of legacy assets will not be sufficient to fund our accelerated licensing strategy; (6) the risk that we will have to engage in additional sales of our equity securities in order to fund our future operations, (7) the risk that further funding, by any means, may not be available at all; (8) the risk that our common stock may be delisted from the Nasdaq Capital Market due to our inability to regain compliance with Nasdaq's minimum bid price requirement; (9) the fact that we only recently commenced production of AquaRefined lead and have not generated any significant revenue from the sale of AquaRefined lead to date, thus subjecting us to all of the risks inherent in an early-stage company; (10) the risk that our patents and any other patents that may be issued to it may be challenged, invalidated, or circumvented, (11) the risk that we may not realize the expected benefits of our relationship with Veolia; (12) the risk that we may not be able to successfully conclude our proposed joint development agreement with Clarios or, if we do, realize the expected benefits of such agreement, (13) changes in the federal, state and foreign laws regulating the recycling of lead acid batteries; (14) our ability to protect our proprietary technology, trade secrets and know-how and (15) those other risks disclosed in the section "Risk Factors" included in our Annual Report on Form 10-K filed on March 11, 2020 and subsequent SEC filings. 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.

Non-GAAP Adjusted net loss

The Company believes the use of adjusted net loss allows management, investors, and analysts to understand its net loss related to its primary business. For the year ended December 31, 2019, effects of the Veolia non-cash

share payments have been excluded from net loss. Net loss is reconciled to adjusted net loss in the table below (in thousands, except per share amounts):

AQUA METALS, INC. Reconciliation to Non-GAAP Net Loss (Unaudited)	
	Year ended December 31, 2019
Net loss	\$ (44,795)
Veolia non-cash share payments	\$ 8,966
Adjusted net loss	<u>\$ (35,829)</u>
Net loss per share, basic and diluted	\$ (0.86)
Veolia non-cash share payments	\$ 0.17
Adjusted net loss per share, basic and diluted	<u>\$ (0.69)</u>

Note About Non-GAAP Financial Measures

In addition to the unaudited results presented in accordance with generally accepted accounting principles, or GAAP, in this press release, Aqua Metals presents adjusted net loss and adjusted net loss per share, which are non-GAAP financial measures. Adjusted net loss and adjusted net loss per share are determined by taking net loss and eliminating the impacts of our issuance of shares of our common stock to Veolia in consideration of services provided to us by Veolia. Our definitions of adjusted net loss and adjusted net loss per share may not be comparable to the definitions of similarly titled measures used by other companies. We believe that these non-GAAP financial measures, viewed in addition to and not in lieu of our reported GAAP results, provides useful information to investors by providing a more focused measure of operating results. These metrics are used as part of our internal reporting to evaluate our operations and the performance of senior management. A table reconciling this measure to the comparable GAAP measure is available in the accompanying financial tables above.

AQUA METALS, INC.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

ASSETS

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets		
Cash and cash equivalents	\$ 7,575	\$ 20,892
Accounts receivable	244	725
Insurance proceeds receivable	17,446	—
Inventory	1,257	765
Prepaid expenses and other current assets	981	370
Total current assets	<u>27,503</u>	<u>22,752</u>
Non-current assets		
Property and equipment, net	37,643	45,548
Intellectual property, net	999	1,271
Other assets	3,309	1,800
Total non-current assets	<u>41,951</u>	<u>48,619</u>
Total assets	<u>\$ 69,454</u>	<u>\$ 71,371</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 4,829	\$ 2,088
Accrued expenses	4,133	5,196
Deferred rent, current portion	—	8
Lease liability, current portion	552	121
Notes payable, current portion	296	311
Convertible note payable, current portion	—	4,075
Total current liabilities	<u>9,810</u>	<u>11,799</u>
Deferred rent, non-current portion	—	27
Lease liability, non-current portion	861	110
Asset retirement obligation	790	745
Notes payable, non-current portion	8,404	8,600
Total liabilities	<u>19,865</u>	<u>21,281</u>
Commitments and contingencies		
Stockholders' equity		
Common stock; \$0.001 par value; 100,000,000 and 50,000,000 shares authorized as of December 31, 2019 and December 31, 2018, respectively; 57,997,780 and 38,932,437 shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	58	39
Additional paid-in capital	189,422	145,147
Accumulated deficit	(139,891)	(95,096)
Total stockholders' equity	<u>49,589</u>	<u>50,090</u>
Total liabilities and stockholders' equity	<u>\$ 69,454</u>	<u>\$ 71,371</u>

AQUA METALS, INC.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)

	Year ended December 31,	
	2019	2018
Product sales	\$ 4,874	\$ 4,449
Operating cost and expense		
Cost of product sales	24,799	22,761
Research and development cost	1,555	4,502
General and administrative expense	19,314	14,214
Loss from operations	(40,794)	(37,028)
Other income and expense		
Insurance proceeds net of related expenses	(792)	—
Interest expense	(3,477)	(3,447)
Interest and other income	270	223
Total other expense, net	(3,999)	(3,224)
Loss before income tax expense	(44,793)	(40,252)
Income tax expense	(2)	(2)
Net loss	\$ (44,795)	\$ (40,254)
Weighted average shares outstanding, basic and diluted	52,263,885	34,154,826
Basic and diluted net loss per share	\$ (0.86)	\$ (1.18)



Corporate Presentation

March 11, 2020

Leading a Revolution

In the Lead Acid Battery Industry

This document contains forward-looking statements concerning Aqua Metals, Inc.

("Aqua Metals", the "Company," "we," "us," and "our"). 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", "estimates", "potential" and variations of such words or similar expressions that convey uncertainty of future events or outcomes, or that do not relate to historical matters. The forward looking statements in this Corporate Presentation include our expectations for the success of our accelerated licensing strategy; our expectations for the nature and amount of licensing fees payable by our potential licensees; our expectations for the receipt of insurance proceeds from our claims relating to the November 2019 fire at our TRIC facility; the adequacy of such insurance proceeds, plus proceeds from the sale of legacy assets, to fund our licensing strategy; our ability to fund our future growth through non-dilutive forms of financing; the strength and efficacy of Aqua Metals' portfolio of patent applications and issued patents; and the future of lead acid battery recycling via traditional smelters. 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 we may not be able to satisfactorily demonstrate to potential licensees the technical and commercial viability of our AquaRefining process; (2) the risk that licensees may refuse or be slow to adopt our AquaRefining process as an alternative to smelting in spite of the perceived benefits of AquaRefining; (3) the risk that we may not realize the expected economic benefits from any licenses we may enter into; (4) the risk that we may not receive payments from our insurance carriers in amounts sufficient to compensate us for our losses; (5) the risk that our insurance recovery and proceeds from the sale of legacy assets will not be sufficient to fund our accelerated licensing strategy; (6) the risk that we will have to engage in additional sales of our equity securities in order to fund our future operations, (7) the risk that further funding, by any means, may not be available at all; (8) the risk that our common stock may be delisted from the Nasdaq Capital Market due to our inability to regain compliance with Nasdaq's minimum bid price requirement; (9) the fact that we only recently commenced production of AquaRefined lead and have not generated any significant revenue from the sale of AquaRefined lead to date, thus subjecting us to all of the risks inherent in an early-stage company; (10) the risk that our patents and any other patents that may be issued to it may be challenged, invalidated, or circumvented, (11) the risk that we may not realize the expected benefits of our relationship with Veolia; (12) the risk that we may not be able to successfully conclude our proposed joint development agreement with Clarios or, if we do, realize the expected benefits of such agreement, (13) changes in the federal, state and foreign laws regulating the recycling of lead acid batteries; (14) our ability to protect our proprietary technology, trade secrets and know-how and (15) those other risks disclosed in the section "Risk Factors" included in our Annual Report on Form 10-K filed on March 11, 2020 and subsequent SEC filings. 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.

- Developed a proprietary and environmentally friendly lead acid battery recycling technology, called AquaRefining
- AquaRefining uses water and organic acids rather than heat and furnaces to create 99.996% ultra pure lead for the ~\$20B lead recycling industry which feeds the ~\$65B lead battery industry
- Reduced environmental impact vs. traditional smelting process



Ticker: AQMS (NASDAQ)

Corporate HQ: McCarran, NV

Incorporated: 2014

Employees: ~23

Shares Outstanding: ~58.0M

Insider/Strategic Ownership: ~19%

Institutional Ownership: ~44%

Cash on Hand: ~\$7.6M last Q

Debt: ~\$8.7M

The Current Problem and the Solution to Recycling Lead Acid Batteries (LABs)



Smelting

VS



AquaRefining

The current, conventional method of LAB recycling

- A high temperature, polluting process with large costs and risks for proper environmental containment that can also leave behind large volumes of waste
- Additional refining required to produce the high purity lead required for more modern and advanced lead acid batteries
- Capacity expansion limited by environmental regulations and concerns

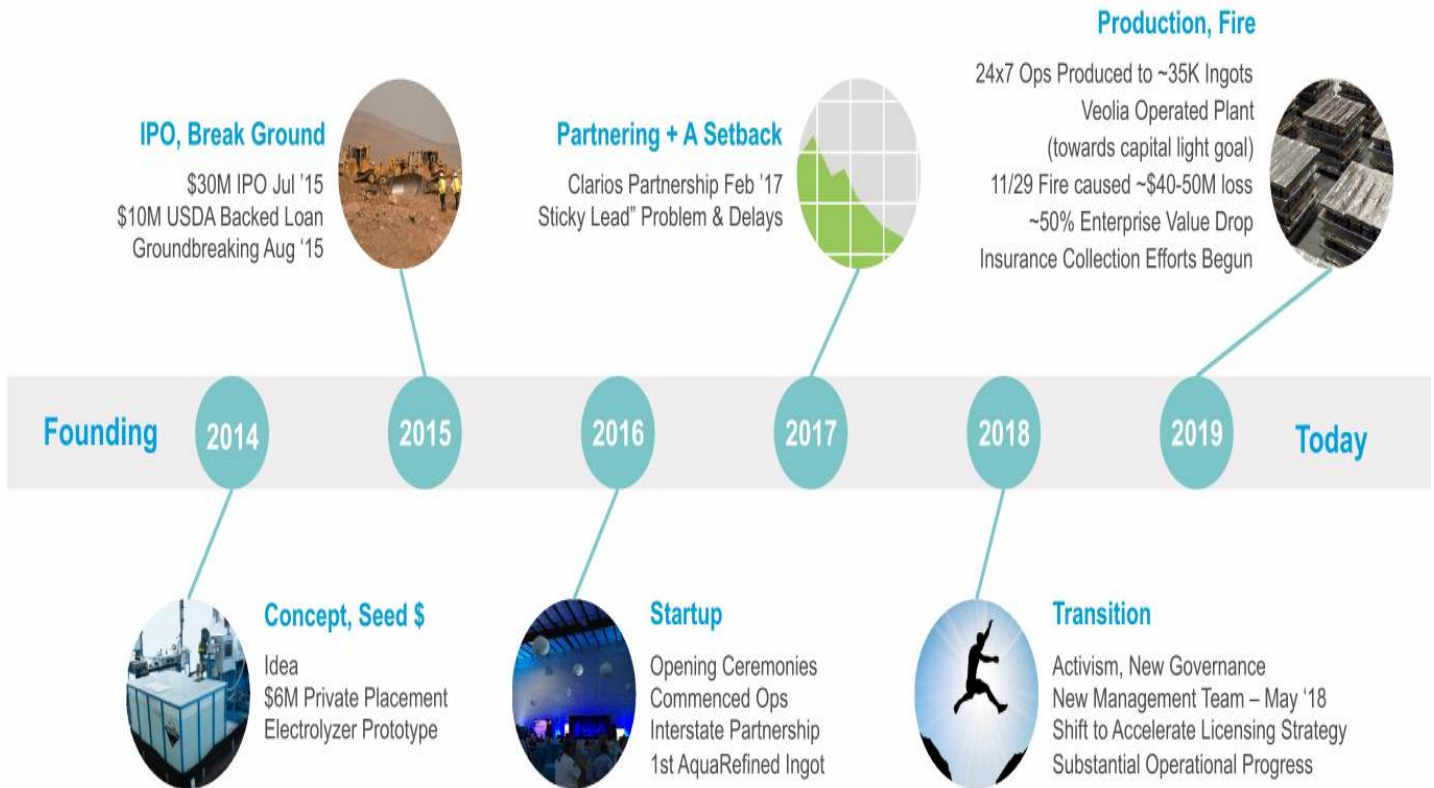
Electrochemical alternative to LAB recycling

- Room temperature, water-based process
- Reduced emissions and environmental permitting challenges
- Produces high-purity lead, assayed at 99.996%
- Modular and scalable design
- Add on opportunity to existing battery smelting facilities that allows increased use of existing equipment, increased capacity and decreased emissions
- Significant technological leap forward in recycling industry further supporting the LAB circular economy

-  **\$20+ billion addressable global lead recycling industry needs a major upgrade**
Growth in lead acid battery applications (automotive, data centers, renewables, etc.) driving market demand
-  **Industry and planet needs an environmentally friendly technology to increase sustainability by reducing emissions**
-  **Technology process demonstrated at commercial quantities** – leading strategic investors and partners have included industry giants – Clarios¹, Veolia, Interstate Batteries
-  **Very strong intellectual property – Creating the Purest Lead on Earth**
Over \$180M invested towards commercialization - 86 patent applications filed/pending and 27 patents granted in the US and internationally
-  **Go forward business model**
 - 1) Core technologies, process and commerciality of AquaRefined lead is already proven
 - 2) Business model focus is on global licensing opportunity to incorporate AquaRefining in industry upgrades/builds

¹ Johnson Controls International's power solutions business sold to Brookfield Business Partners on 11/13/18 for \$13.2bn. The power solutions business rebranded as Clarios on 05/01/19.

How Did We Get Here?



Demonstration Plant has Proven That AquaRefining™ Works



- ~35,000 ingots or 55 truckloads produced and shipped to Clarios, the Worlds' largest battery manufacturer for test battery production
- In 2019, AquaRefinery process ran for several months at or above 2.4 tonnes/day/module design
- Produced 99.996+% pure lead ingots and ran entire plant 24x7 for several months and 1-4 modules 24x7 for up to a month

- 💧 Cause of fire was not related to Aqua technology or process but rather contracting work being done in the AquaRefining area
- 💧 Occurred during final weeks of preparation to scale from 4 to full capacity of 16 AquaRefining modules
- 💧 Insurance - \$37M+ claims so far in equipment damages + \$15M+ claims in business interruption
- 💧 With insurance collection cadence and timing uncertain, Company initiated a massive reduction in cash burn early December 2019
- 💧 Late Q4 and Q1 focus was on assessment, investigation and early insurance collection efforts (now at \$10M) along with formulating our go forward plan





We Have Shifted To Accelerate To Licensing & Our Capital Light Strategy

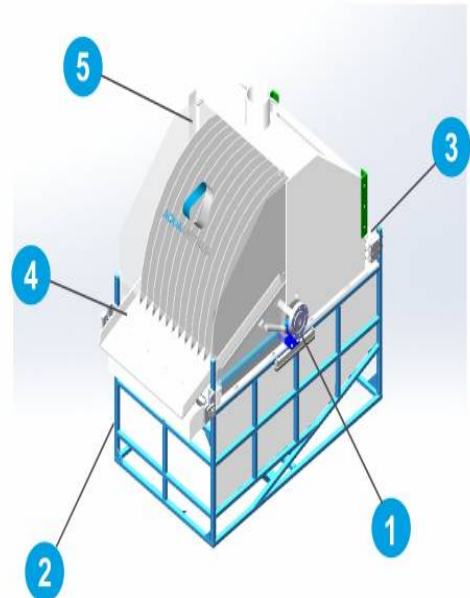
- 💧 **Build Cash** - Conserving and building our cash balance and runway
- 💧 **Finalize Licensed Electrolyzer** - Run 1-2 updated electrolyzers in Q2 in final licensable form
- 💧 **License AquaRefining** - Identify Licensing site #1 in 2020 for deployment in 2021
- 💧 **Emerge Debt Free** - We expect to retire ~\$8.6M debt in 2020

This business strategy is intended to build balance sheet cash through insurance collection + asset disposition as appropriate and accelerate our prior global licensing efforts to equip existing or planned battery recycling facilities with AquaRefining beginning in 2021

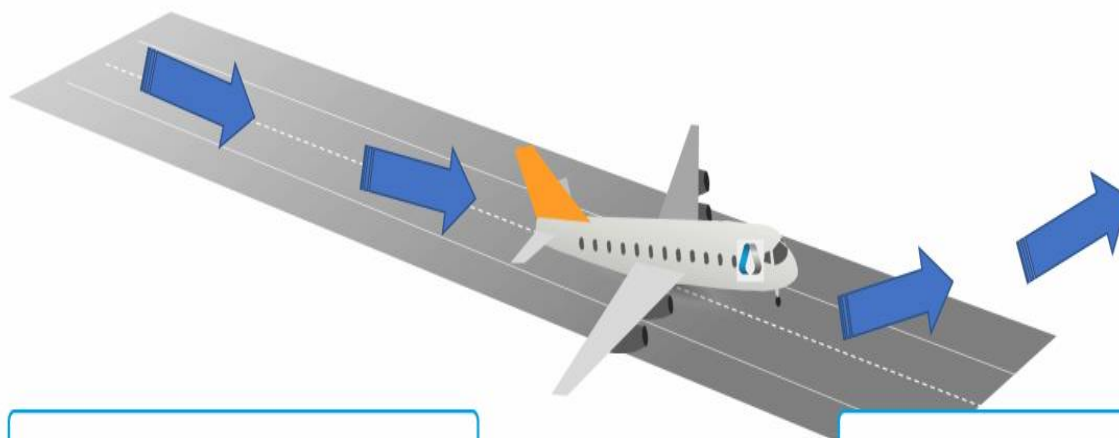
Engineering team has been implementing minor improvements to the current electrolyzer design

- 1 Improved power distribution to improve electrical efficiency and operating cost
- 2 Tank profile changes to automate solid removal from the tank – run 90+ days
- 3 Reduce the complexity of custom components to reduce build cost
- 4 Improve robustness of critical components to improve utilization
- 5 Adding further datalogging / remote access capabilities for licensed units

- 💧 Allow for licensees to realize lower install cost (CAPEX) and lower operating cost (OPEX)
- 💧 No changes will affect the process of electrowinning lead that was fully developed in 2019
- 💧 First V1.25L electrolyzer is currently scheduled to be running in Q2 2020, barring critical component lead times



- 💧 **Collect Insurance Proceeds** - Working with public adjustor + specialized counsel to assist in facilitating payment collections for casualty + business interruption losses
- 💧 **Sell Unneeded Assets** - Balance sheet shows ~\$37M (NBV) on books for equipment, some can be sold and redeployed to licensed site(s)
- 💧 **Restructure Debt for 2020 Retirement** – ~\$8.6M remaining balance on the USDA backed loan with Veritex (Green Bank) to be retired
- 💧 **Build and Run V1.25L electrolyzers** – Designed improvements intended to reduce build cost and operating cost for better value proposition to licensees while increasing utilization rate for more throughput. Plan to run 1-2 new units beginning in Q2
- 💧 **Seek to Contract Licensed Site #1** – Several interested parties currently exist in addition to Clarios. Work to pick the best fit for site #1 by Q4/2020 or Q1/2021 and plan to deploy 1st site in 2021
- 💧 **R&D Focus on Licensing** – Build out support tools for new customers

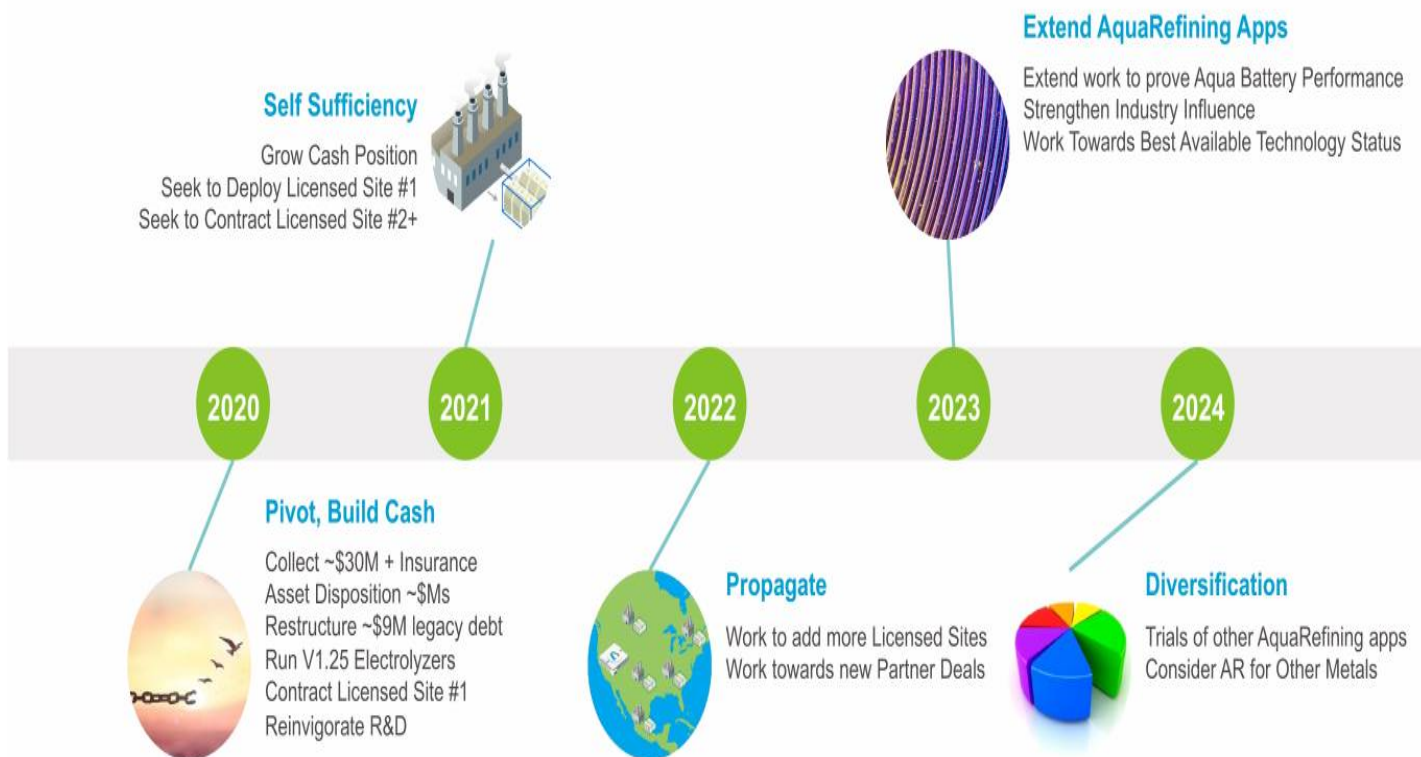


2020~2021

Fund Capital Light Pivot
From Insurance Proceeds
+ Asset Sales

2022 & Beyond

Potential Licensing Revenue



New High-Growth LAB Applications Require High-Purity Lead



Auto growth in emerging markets - China, India and South America Cars are using additional lead batteries for start stop functionality



Renewable energy economy is growing and dependent on energy storage to be efficient and effective



Data Center & Telecom industries are growing rapidly and utilize lead batteries for backup power



Electric Vehicles use lead batteries in addition to Lithium-Ion to support electronics

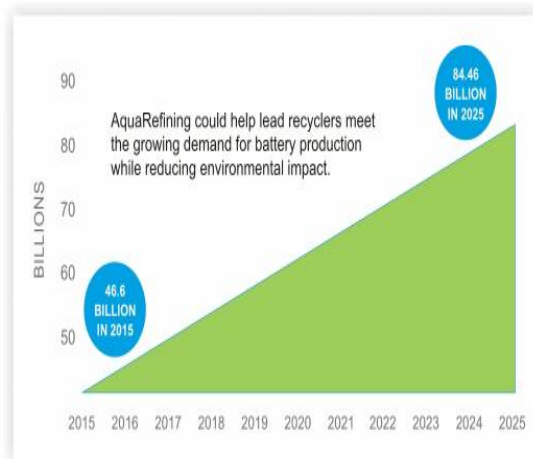
- Annual LAB sales expected to nearly double to \$84+ billion by 2025¹ driving demand for lead
- LAB production constitutes the largest use of lead today²
- LABs still represent over 95% of all batteries produced³ due to improved recyclability, safety and performance compared to Li-ion and NiMH
- Over 99% of used LABs are sent to recycling for lead extraction⁴ to address growing shortage
- Secondary (recycled) lead comprises ALL the lead produced in the US² as well as >50% of all lead produced elsewhere worldwide, 74% in Europe

¹ Grand View Research Report.

² International Lead Association Research.

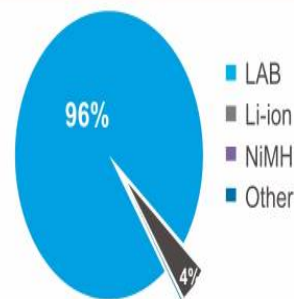
³ Sandia National Laboratories, 25th International Materials Congress Presentation.

⁴ BCI International, "Study Finds Lead Batteries Are Most Recycled Consumer Product".



Global Battery Production³

(GWh/year)



The AquaRefined Advantage

Compared to traditional recycling technologies,
AquaRefining offers large advantages:



The potential for improved battery performance and life



Higher premium for lead and value-add for licensing AquaRefining technology

2020 - Insurance Collections

- Already collected \$10M of insurance payouts
- Working towards total payout of up to \$50M

2020/21 - Sale of Unneeded Assets

- Could yield \$10M+ in 2020/2021
- Opportunity to redeploy some equipment to 1st Licensed Site

2021/22+ - Equipment, Services, Royalties

- Sales of AquaRefining Equipment
- Sales of Engineering and other Services
- Running Royalty
- Sales of Maintenance Services



Sets up potentially lucrative global licensing model for existing and greenfield battery recycling facilities

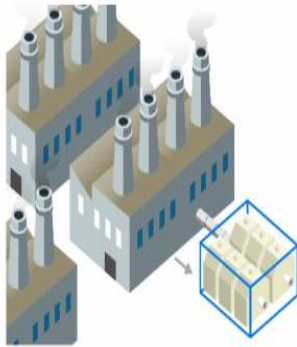
- Licensing model is built; licensee pipeline started
- Seeking engineering revenues of 6 to 7 figures per project
- Projecting possible equipment supply revenue of over \$10m plus per project
- Recurring running royalties on lead produced
- Additional millions of dollars in revenues could potentially be generated for maintenance and upgrades over plant lifetime

Aqua Metals' vision is to partner with battery recycling centers across the globe to increase production without increasing emissions – over 300 potential plants already identified

We Believe Recycling Centers Have Two Models For Retrofitting With AquaRefining:

1

Increase production without increasing emissions by adding AquaRefining but keeping furnace capacity



2

Keep total production the same by adding AquaRefining and reducing furnace usage while reducing emissions



- 💧 **Secondary lead demand is projected to increase by an estimated 1,803,000 tonnes between 2018 and 2030¹**
- 💧 **All new batteries need 70% - 85% recycled lead**
- 💧 **We believe Secondary lead demand will eventually surpass Secondary lead smelting capacity due to environmental limits on furnace permitting**
 - The EU and CA are considering outlawing lead batteries/products/smelting
 - Environmental regulations are tightening in China
 - Battery manufacturers rely on unregulated smelters and smelters under pressure from regulators to meet demand currently - they understand this to be a big risk

(1) Source: Wood McKenzie

“AquaFit” – Adding AquaRefining to Smelters

- Increase capacity without the permitting challenges of adding a furnace while reducing emissions
- Lower emissions without decreasing capacity
- Can produce higher quality product
- Produce the purest lead on Earth resulting in higher premiums
- Public relations advantage and potential reputational protection with consumers

Battery Manufacturers with recycling

- Can meet growing demand for ultra pure lead, driven by increased sales of the newest high-performance batteries
- Ability to market performance enhancement obtained by using pure lead as well as by the “Green” nature of their products



Addressable Market based on 2018 Secondary lead production

Secondary Lead Production	7,240,000 Tonnes
Total Paste available for AquaRefining	3,600,000 Tonnes
Total Addressable market (\$2000.00 per T lead)	\$7,200,000,000

Source: Wood MacKenzie

Investment Made Supports Global Licensing Business

- ✓ \$180M+ invested into getting the technology patented, proven and near licensable state
- ✓ Heavy investment to date allows for future growth opportunity



IP Strategy Focused on “Materials And Methods”

- 💧 Proves that electrochemical battery recycling is technologically viable
- 💧 Protecting our breakthrough technology
 - Filed 86 patent applications across 7 distinct patents
 - Key patents filed in up to 21 different countries / regions

27 Patents issued

Australia, Canada, China, Eurasian Patent Organization, European Patent Office, Indonesia, India, Japan, Republic of Korea, Mexico African Intellectual Property Organization, Ukraine, United States, and South Africa

3 applications allowed

Vietnam, Indonesia, and Republic of Korea

84 applications pending

African Intellectual Property Organization, African Regional Intellectual Property Organization, Australia, Brazil, Canada, Chile, China, Eurasian Patent Organization, European Patent Office, Honduras, India, Indonesia, Japan, Malaysia, Mexico, Peru, Republic of Korea, South Africa, Ukraine, United States, United States, and Vietnam



Experienced Management and Engaged Board Focused on Execution

Executive Management Team

Stephen Cotton, President and CEO, Executive Director

- Aqua Metals' Chief Commercial Officer from January 2015 to June 2017
- 15 years as Co-Founder and CEO of data center battery-monitoring company, Canara; exited to a private equity firm in 2012

Judd Merrill, CFO

- Former Director of Finance / Accounting for Klondex Mines Ltd., Former CFO of Comstock Mining with proven skills in SEC compliance and reporting, budgeting, forecasting, inventory management, M&A and project management

Ben Taecker, Vice President of Engineering & Operations

- 18 years of experience in manufacturing and ops leadership including 6 years at Johnson Controls' (now Clarios) Lead Acid Battery Recycling Center in Florence, SC with involvement in engineering, planning, construction, commissioning and scaling

Independent Directors

S. Shariq Yosufzai, Non-Executive Chairman

- Held various executive positions at Chevron for 20+ years and has held numerous Board and Chairman positions

Gayle Gibson, Independent Director

- 30+ years of engineering and executive experience at DuPont, including leading DuPont Engineering; an extensive background in process development and improvement

Vincent DiVito, Chair of the Audit Committee

- Experienced NASDAQ audit committee chair; former CFO of fast-growing specialty chemicals company

Sushil ("Sam") Kapoor, Chair of Compensation Committee

- 30+ years of technology and operations experience; former Chief Global Operations Officer of Equinix, ran design / build / ops from 7-200+ sites while market cap grew from <\$100M to \$35B

Susanne Meline, Independent Director

- 20+ years of advising corporations and their boards as a lawyer, investment banker and lead director as well as working in the small cap investment community

- 💧 First of its kind environmentally friendly solution for lead acid battery recycling – producing 99.996% pure lead
- 💧 Company has proven AquaRefining at demonstration commercial scale which we believe is a catalyst to launch our global licensing business
- 💧 \$20B+ and growing addressable global market, 50% of which can be licensed AquaRefining
- 💧 Strategic partnerships / investment from global leaders validate industry support
- 💧 Management team already executing and refining the business plan put in place in 2018; accelerated to capital light licensing opportunity post fire in early 2020

Financial Overview

Cash and Cash Equivalents as of December 31, 2019	\$7.6 million
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Debt as December 31, 2019

Green Bank, Prime Rate plus 2-6% Secured Loan, Matures November 3, 2036 ⁽¹⁾	\$8.6 million
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Warrants (Outstanding as of December 31, 2019, in thousands of shares) ⁽²⁾	839
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Interstate Batteries

\$3.33 Exercise Price, Expires June 23, 2020	702
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National Securities Corporation

\$1.90 Exercise Price, Expires January 22, 2024	104
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Common Stock (Outstanding as of December 31, 2019, in thousands of shares)	57,998
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Shares Outstanding Owned by

Officers and Directors: 1,341	2.3%
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Strategic Partners: 2,220	3.8%
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Other Insiders: 8,915	15.4%
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¹Net of issuance costs.

² Does not include warrants to be issued to Veolia: Pursuant to the Operations, Maintenance and Management Agreement dated February 26, 2019, the Company has agreed to issue to Veolia, on the one-year anniversary of the Agreement warrants to purchase 2,000,000 shares of its common stock at an exercise price of \$5.00 per share and, on the second anniversary of the Agreement, warrants to purchase an additional 2,000,000 shares of its common stock at an exercise price \$7.00 per share



Consolidated Balance Sheet

(in thousands, except share and per share amounts)

ASSETS

	December 31, 2019	December 31, 2018
Current assets		
Cash and cash equivalents	\$ 7,575	\$ 20,892
(Accounts receivable, net	244	725
Insurance Proceeds receivable	17,446	
Inventory, net	1,257	765
Prepaid expenses and other current assets	981	370
Total current assets	27,503	22,752
Non-current assets		
Property and equipment, net	37,643	45,548
Intellectual property, net	999	1,271
Other assets	3,309	1,800
Total non-current assets	41,951	48,619
Total assets	\$ 69,454	\$ 71,371

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	\$ 4,829	\$ 2,088
Accrued expenses	4,133	5,196
Deferred rent, current portion	—	8
Lease liability, current portion	552	121
Notes payable, current portion	296	311
Convertible note payable, current portion		4,075
Total current liabilities	9,810	11,799
Deferred rent, noncurrent portion		27
Lease liability, noncurrent portion	861	110
Asset retirement obligation	790	745
Notes payable, noncurrent portion	8,404	8,600
Total liabilities	19,865	21,281
Commitments and contingencies		
Stockholders' equity		
Common stock; \$0.001 par value; 100,000,000 and 50,000,000 shares authorized as of December 31, 2019 and December 31, 2018, respectively; 57,997,780 and 38,932,437 shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	58	39
Additional paid-in capital	189,422	145,147
Accumulated deficit	(139,891)	(95,096)
Total stockholders' equity	49,589	50,090
Total liabilities and stockholders' equity	\$ 69,454	\$ 71,371

Consolidated Statements of Operation

2019 G&A expenses

Includes several non-cash expense items:

- \$3.1M Veolia OM&M agreement
- \$5.8M Veolia warrant expense
- \$3.4M in non-cash SBC
- \$1.2M other non-cash payroll

(in thousands, except share and per share amounts)		Year ended December 31,	
		2019	2018
Product sales	\$	4,874	\$ 4,449
Operating cost and expense			
Cost of product sales		24,799	22,761
Research and development cost		1,555	4,502
General and administrative expense		19,314	14,214
Total operating expense		45,688	41,477
Loss from operations		(40,794)	(37,028)
Other income and (expense)			
Insurance proceeds net of related expenses		(792)	—
Interest expense		(3,477)	(3,447)
Interest and other income		270	223
Total other expense, net		(3,999)	(3,224)
Loss before income tax expense		(44,793)	(40,252)
Income tax expense		(2)	(2)
Net loss	\$	(44,795)	\$ (40,254)
Weighted average shares outstanding, basic and diluted		52,263,885	34,154,826
Basic and diluted net loss per share	\$	(0.86)	\$ (1.18)



Consolidated Cash Flow Statement

(in thousands)

	Year ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (44,795)	\$ (40,254)
Reconciliation of net loss to net cash used in operating activities		
Depreciation	3,899	3,213
Amortization of intellectual property	182	190
Accretion of asset retirement obligation	46	44
Fair value of warrant modification, net	—	402
Fair value of common stock issued for consulting services	4,925	423
Stock-based compensation	4,206	1,201
Warrant expense	5,780	—
Amortization of debt discount	—	2,006
Amortization of deferred financing costs	56	83
Non-cash convertible note interest expense	2,556	690
Non-cash interest expense	95	—
Lease liability, net of deferred rent write-off	—	(493)
Amortization of lease liability	—	(80)
Loss on sale of Ebonex asset	90	—
Loss on sale of equipment	149	869
Inventory adjustment	—	179
Changes in operating assets and liabilities		
Accounts receivable	481	157
Inventory	(492)	295
Prepaid expenses and other current assets	(612)	400
Accounts payable	823	472
Accrued expenses	(2,031)	4,009
Deferred rent	(35)	(124)
Other assets and liabilities	(500)	—
Net cash used in operating activities	(25,177)	(26,318)
Cash flows from investing activities:		
Purchases of property and equipment	(12,802)	(3,693)
Other assets	—	(236)
Equipment deposits and other assets	(272)	—
Insurance proceeds	2,500	—
Net cash used in investing activities	(10,574)	(3,929)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of transaction costs	29,380	28,753
Payments on notes payable	(295)	(277)
Payments on capital leases	—	(130)
Payments on convertible note	(6,651)	—
Net cash provided by financing activities	22,434	28,346
Net decrease in cash, cash equivalents and restricted cash	(13,317)	(1,901)
Cash, cash equivalents and restricted cash at beginning of period	20,892	22,793
Cash, cash equivalents and restricted cash at end of period	\$ 7,575	\$ 20,892



Lead Reinvented™

NASDAQ: AQMS

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