

**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 25, 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)

<u>Title of each class</u>	<u>Securities registered pursuant to Section 12(b) of the Act:</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))
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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 1.01 Entry into a Material Definitive Agreement

On March 25, 2020, Aqua Metals, Inc. (the “Company”) entered into a Memorandum of Agreement (“MOU”) with Veritex Community Bank (“Veritex”), the successor in interest to Green Bank, N.A. (“Green Bank”), with regard the Loan Agreement dated November 2, 2015 originally entered into between the Company and Green Bank.

Pursuant to the MOU, the parties have agreed to the allocation of proceeds from insurance policies and sales of collateral secured by the Loan Agreement. As previously reported by the Company, the Company experienced a fire on November 29, 2019 and has \$50 million dollars in combined property, equipment and business interruption insurance, consisting of four layers of coverage, that potentially covers the losses resulting from the fire. Pursuant to the MOU, the parties have agreed on the allocation of all insurance proceeds, with the proceeds allocated to Veritex to be used to pay off all amounts outstanding under the Loan Agreement, approximately \$8.8 million as of the date of this report (inclusive of an approximate \$500,000 prepayment penalty, netted against a \$1,000,000 CD collateral), as follows:

Layer	Potential Proceeds Available in Layer	Allocation of Proceeds to the Company	Allocation of Proceeds to Veritex	Proceeds Collected From Insurers to Date	Proceeds Released to the Company Date
Layer 1	\$5.0M	\$4.5M	\$0.5M	\$5.0M	\$4.5M
Layer 2	\$7.5M	\$4.125M	\$3.375M	\$5.0M	\$2.75M
Layer 3	\$12.5M	\$7.5M	\$5.0M	Claim Submitted	--
Layer 4	\$25M	\$25M	--	Claim Submitted	--

Pursuant to the MOU, the parties have also agreed that 100% and 50% of the proceeds from the Company’s sale of real estate and non-real-estate collateral, respectively, will be applied to the outstanding loan amount. At such time as Veritex has received payments from insurance proceeds or asset sales equaling the amount outstanding under the Loan Agreement, approximately \$8.8 million as of the date of this report (inclusive of an approximate \$500,000 prepayment penalty, netted against a \$1,000,000 CD collateral), the Loan Agreement will be retired and all further proceeds will accrue to the Company exclusively.

Except as set forth in the MOU, all terms and conditions of the Loan Agreement remain in place and unchanged, including, without limitation, the Company’s obligation to make monthly payments under the Loan Agreement and the effectiveness and enforceability of Veritex’s liens and security interests under the Loan Agreement.

A copy of the MOU is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing description of the material terms of the MOU do not purport to be complete and is qualified in its entirety by reference to such exhibit.

Item 9.01 Financial Statements and Exhibits**(d) Exhibits****Method Filing**

The following exhibit is filed with this report:

Exhibit 10.1	Memorandum of Agreement dated March 25, 2020 between Aqua Metals, Inc. and Veritex Community Bank.	Filed Electronically herewith
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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 30, 2020

/s/ Judd Merrill

Judd Merrill

Chief Financial Officer

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (“ Agreement”) is hereby entered into by and between Aqua Metals Reno, Inc. (“Aqua Metals”) and Veritex Community Bank (“Veritex”). This Agreement is effective on the date that both parties execute the Agreement (“Effective Date”).

WHEREAS Aqua Metals is indebted to Veritex pursuant to a Promissory Note dated November 3, 2015, and a Loan Agreement which was amended effective March 30, 2017 (collectively “Loan Agreements”); and

WHEREAS the United States Department of Agriculture Rural Development (“USDA”) has guaranteed a portion of Aqua Metals’ indebtedness under the Loan Agreements; and

WHEREAS Aqua Metals’ indebtedness to Veritex under the Loan Agreements is secured by collateral (“Collateral”), which includes real property, personal property, and a certificate of deposit (“Certificate of Deposit”), each as described in the Loan Agreements, a Security Agreement, and a Deed of Trust; and

WHEREAS on or about November 29, 2019, Aqua Metals’ property sustained damage from a fire (“Fire Damage”) in the AquaRefining area of the property; and

WHEREAS Aqua Metals is insured for the losses resulting from the Fire Damage under a series of property insurance policies (“Insurance Policies”) as follows:

First Layer: issued by Navigators Specialty Insurance Company, \$5,000,000 limits;

Second Layer: issued by Arch Specialty Insurance Company, \$7,500,000 limits;

Third Layer: issued by Starr Surplus Lines Insurance Company, \$12,500,000 limits;

Fourth Layer: issued by Homeland Insurance Company of New York, \$25,000,000 limits; and

WHEREAS Aqua Metals has presented a claim under the Insurance Policies for the Fire Damage; and

WHEREAS Navigators Specialty Insurance Company has paid \$5,000,000 on the First Layer of the Insurance Policies; and

WHEREAS Aqua Metals has received \$4,200,000 of the proceeds from the First Layer; and

WHEREAS the remaining \$800,000 paid from the First Layer is currently in an escrow account at Veritex (“Escrow Account”); and

WHEREAS Arch Specialty Insurance Company has paid \$5,000,000 from the Second Layer of the Insurance Policies, which sum is currently in the Escrow Account; and

WHEREAS Aqua Metals and Veritex desire to enter into this agreement regarding distributions and application of proceeds from the Insurance Policies, any sales of Collateral, and the satisfaction of Aqua Metals' indebtedness and obligations under the Loan Agreements;

NOW, THEREFORE, in consideration of the provisions below, and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by all parties to this agreement, Aqua Metals and Veritex agree as follows:

1. Agreement regarding First Layer Proceeds: Veritex and Aqua Metals agree that within 5 business days from the Effective Date (a) Veritex will release an additional \$300,000 from the Escrow Account received from the First Layer to Aqua Metals; and (b) Veritex will retain \$500,000 in the Escrow Account from the First Layer.
2. Agreement regarding Second Layer Proceeds Received as of Effective Date: Veritex and Aqua Metals agree that within 5 business days from the effective date of this agreement (a) Veritex will release \$2,750,000 from the Escrow Account to Aqua Metals; and (b) Veritex will retain \$2,250,000 in the Escrow Account.
3. Agreement regarding Second Layer Proceeds Received after Effective Date: Veritex and Aqua Metals agree that with respect to all future proceeds received from the Second Layer: (a) Veritex will release to Aqua Metals 55% of the proceeds received; and (b) Veritex will retain 40% of the proceeds received in the Escrow Agreement.
4. Agreement regarding Third Layer Proceeds Received: Veritex and Aqua Metals agree that with respect to all proceeds received from the Third Layer: (a) Veritex will release to Aqua Metals 60% of the proceeds received; and (b) Veritex will retain 40% of the proceeds received in the Escrow Agreement.
5. Agreement regarding Sale of Aqua Metals' real estate collateral: To the extent Aqua Metals sells any real estate that is part of the Collateral securing Aqua Metals' indebtedness under the Loan Agreements, Aqua Metals agrees that 100% of the proceeds from such sale will be provided to Veritex and such proceeds shall be placed into the Escrow Account.
6. Agreement regarding Sale of Aqua Metals' non-real estate Collateral: To the extent Aqua Metals sells any Collateral other than real estate, Aqua Metals and Veritex agree that the proceeds from such sale shall, subject to the USDA's express consent following receipt of such proceeds, be divided as follows: (a) 50% of the proceeds shall be provided to Aqua Metals free and clear of Veritex's lien; and (b) 50% of the proceeds shall be provided to Veritex and such proceeds shall be placed into the Escrow Account.
7. Agreement to Continue to Make Scheduled Payments Required by the Loan Agreement: Aqua Metals agrees that it will continue to timely make all payments due under the Loan Agreement notwithstanding the receipt, disbursement, or

application of proceeds from Insurance Policies or any sales of assets as described

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above. Aqua Metals further agrees to timely make all payments to taxing authorities and to maintain insurance coverage as required by the Loan Agreements.

8. Agreement regarding the Application of funds in the Escrow Account and the Certificate of Deposit: The parties agree that when the total of the funds in the Escrow Account plus the funds in the Certificate of Deposit becomes equal to or greater than the sum of (a) Aqua Metals' indebtedness under the Loan Agreement, and (b) the "Prepayment Consideration" amount owed in the event of a prepayment of the indebtedness as described in the Loan Agreements, then Veritex shall apply the funds in the Escrow Account and the Certificate of Deposit to fully satisfy (a) the indebtedness under the Loan Agreement including all principal, accrued interest, and any other sums owed under the Loan Agreement, and (b) the Prepayment Consideration owed as a result of the prepayment of principal owed under the Loan Agreements. Thereafter, any remaining funds in the Escrow Account shall be disbursed to Aqua Metals.
9. The Parties further agree that, except as otherwise expressly provided herein, all of Veritex's liens and security interests in the Collateral will remain effective and enforceable pursuant to the terms of the Loan Agreement until Aqua Metals' indebtedness and obligations under the Loan Agreement are fully paid and discharged pursuant to paragraph 8 above.
10. This Agreement shall not modify any other terms under the Loan Agreement except as expressly stated herein.

AGREED:

AQUA RENO METALS, INC.	VERITEX COMMUNITY BANK
By: <u> /s/ Judd Merrill</u> Judd Merrill CFO	By: <u> /s/ William Alt</u> William Alt Senior Credit Officer
Date: <u> 3/25/2020</u>	Date: <u> 3/25/2020</u>

AGREED BY GUARANTORS:

AQUA METALS, INC.

By: /s/ Judd Merrill

Judd Merrill

CFO

Date: 3/25/2020

AQUA METALS OPERATIONS, INC.

By: /s/ Judd Merrill

Judd Merrill

CFO

Date: 3/25/2020

