UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2019

Commission file number **000-33067**

MIDWEST ENERGY EMISSIONS CORP.

(Exact name of Registrant as Specified in its Charter)

Delaware	**87-0398271**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
670 D Enterprise Drive Lewis Center, Ohio	**43035**
(Address of principalExecutive offices)	(Zip Code)

(614) 505-6115
(Registrant's Telephone Number, Including Area Code)

Not applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes☐ No ☒

Securities registered pursuant to Section 12(b) of the Act: None.

State the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date: Common, $.001 par value per share 76,710,630 outstanding as of August 14, 2019.

MIDWEST ENERGY EMISSIONS CORP.

TABLE OF CONTENTS

Table of Contents

PART I – FINANCIAL INFOMATION

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements," as defined inSection 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and reflect our current expectations regarding our future growth, results of operations, cash flows, performance and business prospects, and opportunities, as well as assumptions made by, and information currently available to, our management. Forward-looking statements are generally identified by using words such as "anticipate," "believe," "plan," "expect," "intend," "will," and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements in this report are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed in or implied by the statements. These statements are based on information currently available to us and are subject to various risks, uncertainties, and other factors, including, but not limited to, those discussed under the caption "Risk Factors" in the Company's 2018 Form 10-K. In addition, 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, change in environmental regulations, disruption in supply of materials, capacity factor fluctuations of power plant operations and power demands, 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, availability of capital and any major litigation regarding the Company.

Except as expressly required by the federal securities laws, we undertake no obligation to update such factors or to publicly announce the results of any of the forward-looking statements contained herein to reflect future events, developments, or changed circumstances or for any other reason. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including those detailed in the Company's filings and with the Securities and Exchange Commission.

[Table of Contents](#)

ITEM 1 – FINANCIAL INFORMATION

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
Index to Condensed Consolidated Financial Information
As of the and for the three and six months ended June 30, 2019

[Table of Contents](#)

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2019 AND DECEMBER 31, 2018
(UNAUDITED)

	June 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets		
Cash	$ 1,320,874	$ 584,877
Accounts receivable	1,240,154	1,642,126
Inventory	571,552	509,416
Prepaid expenses and other assets	143,957	136,628
Customer acquisition costs, net	-	34,467
Total current assets	3,276,537	2,907,514
Property and equipment, net	2,234,656	2,397,691
Right of use asset	1,295,995	-
Intellectual property, net	2,633,062	2,733,662
Total assets	$ 9,440,250	$ 8,038,867
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	$ 1,890,080	$ 1,858,326
Current portion of equipment notes payable	64,924	63,424
Current portion of operating lease liability	381,245	-
Accrued interest	105,383	96,902
Customer credits	167,000	167,000
Deferred compensation	739,614	555,877
Total current liabilities	3,348,246	2,741,529
Equipment notes payable, less current portion	72,080	104,226
Operating lease liability	992,651	-
Convertible notes payable, net of discount and issuance costs	2,874,354	1,760,570
Secured note payable	271,686	271,686
Unsecured note payable, net of discount and issuance costs	9,095,119	11,781,952
Total liabilities	16,654,136	16,659,963
COMMITMENTS AND CONTINGENCIES (Note 11)		
Stockholders' deficit		

Preferred stock, $.001 par value: 2,000,000 shares authorized	-	-
Common stock; $.001 par value; 150,000,000 shares authorized; 76,710,630 shares issued and outstanding as of June 30, 2019 76,246,113 shares issued and outstanding as of December 31, 2018	76,710	76,246
Additional paid-in capital	44,745,926	42,785,990
Accumulated deficit	(52,036,522)	(51,483,332)
Total stockholders' deficit	(7,213,886)	(8,621,096)
Total liabilities and stockholders' deficit	$ 9,440,250	$ 8,038,867

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

Table of Contents

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED)

	For the Three Months Ended June 30, 2019	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Revenues	$ 2,509,750	$ 2,451,551	$ 5,297,070	$ 4,572,662

Costs and expenses:				
Cost of sales	1,794,985	1,882,612	3,961,325	3,590,926
Selling, general and administrative expenses	2,790,013	1,709,763	3,930,206	3,491,130
Interest expense & letter of credit fees	763,873	516,082	1,293,067	1,058,583
(Gain)/Loss on debt restructuring	-	44,036	(3,412,204)	44,036
Total costs and expenses	5,348,871	4,152,493	5,772,394	8,184,675
Net loss	$ (2,839,121)	$ (1,700,942)	$ (475,324)	$ (3,612,013)
Net loss per common share - basic and diluted:	$ (0.04)	$ (0.02)	$ (0.01)	$ (0.05)
Weighted average common shares outstanding	76,278,400	76,246,113	76,327,455	76,246,113

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

Table of Contents

MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED)

	Six Months Ended June 30, 2019				
	Common Stock		Additional Paid-in	Accumulated	
	Shares	Par Value	Capital	(Deficit)	Total
Balance - January 1, 2019	76,246,113	$ 76,246	$ 42,785,990	$ (51,483,332)	$ (8,621,096)
Cumulative effect of change in accounting principle related to accounting for leases	-	-	-	(77,866)	(77,866)

Net income	-	-	-	2,363,797	2,363,797
Balance - March 31, 2019	76,246,113	$ 76,246	$ 42,785,990	$ (49,197,401)	$ (6,335,165)
Stock issued per resignation agreements	464,517	464	118,076	-	118,540
Issuance of stock options	-	-	898,207	-	898,207
Extension of certain stock option expiration dates	-	-	745,989	-	745,989
Issuance of warrants, recorded as discount on convertible notes payable		-	197,664	-	197,664
Net loss	-	-	-	(2,839,121)	(2,839,121)
Balance - June 30, 2019	76,710,630	$ 76,710	$ 44,745,926	$ (52,036,522)	$ (7,213,886)

	Six Months Ended June 30, 2018				
	Common Stock Shares	**Additional Par Value**	**Accumulated Paid-in Capital**	**(Deficit)**	**Total**
Balance - Janaury 1, 2018	76,246,113	$ 76,246	$ 42,165,620	$ (46,666,652)	$ (4,424,786)
Issuance of stock options	-	-	231,165	-	231,165
Vesting of stock issued to non-employees in prior year	-	-	69,375	-	69,375
Net loss	-	-	-	(1,911,071)	(1,911,071)
Balance - March 31, 2018	76,246,113	$ 76,246	$ 42,466,160	$ (48,577,723)	$ (6,035,317)
Issuance of stock options	-	-	14,705	-	14,705
Issuance of warrants, recorded as discount on convertible notes payable	-	-	89,500	-	89,500
Vesting of stock issued to non-employees in prior year	-	-	69,375	-	69,375
Net loss	-	-	-	(1,700,942)	(1,700,942)
Balance - June 30, 2018	76,246,113	$ 76,246	$ 42,639,740	$ (50,278,665)	$ (7,562,679)

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

Table of Contents

MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018
(UNAUDITED)

	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Cash flows from operating activities		
Net loss	$ (475,324)	$ (3,612,013)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	1,762,736	384,620
Amortization of discount of notes payable	938,532	281,001
Amortization of debt issuance costs	70,036	76,320
Amortizaton of right to use assets	188,841	-
Amortization of customer acquisition costs	34,467	68,934
Amortization of patent rights	100,602	100,602
Depreciation expense	163,035	227,968
Loss os debt exchange	-	44,036
Gain on debt restructuring	(3,412,204)	-
Change in assets and liabilities		
Decrease in accounts receivable	401,972	2,099,273
(Increase) decrease in inventory	(62,136)	162,867
(Increase) decrease in prepaid expenses and other assets	(7,329)	45,889
Decrease in accounts payable and accrued liabilities	(21,097)	(251,374)
(Decrease) in operating lease liability	(188,805)	-
(Decrease) in deferred revenue and customer credits	-	(517,060)
Net cash used in operating activities	(506,674)	(888,937)
Cash flows used in investing activities		
Purchase of property and equipment	-	(131,915)
Net cash used in investing activities	-	(131,915)
Cash flows from financing activities		
Payment of debt issuance costs	(26,683)	-
Payments of notes payable	(30,646)	(903,594)
Proceeds from the issuance of convertible promissory notes and related warrants	1,300,000	-
Net cash provided by (used in) financing activities	1,242,671	(903,594)
Net increase (decrease) in cash and cash equivalents	735,997	(1,924,446)
Cash and cash equivalents - beginning of period	584,877	2,418,427
Cash and cash equivalents - end of period	$ 1,320,874	$ 493,981

SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid during the period for:				
Interest	$	121,084	$	505,431
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS				
Cumulative effect on accumulated deficit of lease accounting change	$	77,866	$	-
Discount on convertible promissory notes payable	$	197,664		
Net adjustment for extension of lease	$	145,267	$	-

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

Table of Contents

Midwest Energy Emissions Corp. and Subsidiaries

Notes to Condensed Consolidated Unaudited Financial Statements

Note 1 - Organization

Midwest Energy Emissions Corp.

Midwest Energy Emissions Corp. (the "Company") is organized under the laws of the State of Delaware with 150,000,000 authorized shares of common stock, par value $.001 per share and 2,000,000 authorized shares of preferred stock, par value $0.001 per share.

MES, Inc.

MES, Inc. is incorporated in the State of North Dakota. MES, Inc. is a wholly owned subsidiary of Midwest Energy Emissions Corp. and is engaged in the business of developing and commercializing state of the art control technologies relating to the capture and control of mercury emissions from coal fired boilers in the United States and Canada.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required for complete financial statements and should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

In management's opinion, the unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly the financial position as of June 30, 2019, and results of operations, changes in stockholders' deficit and cash flows for all periods presented. The interim results presented are not necessarily indicative of results that can be expected for a full year.

Principles of Consolidation

The consolidated financial statements include the accounts of Midwest Energy Emissions Corp. and its wholly-owned subsidiary, MES, Inc. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, valuation of equity issuances and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company uses estimates in accounting for, among other items, revenue recognition, allowance for doubtful accounts, income tax provisions, excess and obsolete inventory reserve and impairment of intellectual property. Actual results could differ from those estimates.

Recoverability of Long-Lived and Intangible Assets

Long-lived assets and certain identifiable intangibles held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Events relating to recoverability may include significant unfavorable changes in business conditions, recurring losses or a forecasted inability to achieve break-even operating results over an extended period. The Company evaluates the recoverability of long-lived assets based upon forecasted undiscounted cash flows. Should impairment in value be indicated, the carrying value of the long-lived and or intangible assets would be adjusted, based on estimates of future discounted cash flows. The Company evaluated the recoverability of the carrying value of the Company's equipment. No impairment charges were recognized for the six months ended June 30, 2019 and 2018, respectively.

Leases

In February 2016, the FASB issued new guidance which requires lessees to recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The accounting standard, effective January 1, 2019, requires virtually all leases to be recognized on the Balance Sheet. Effective January 1, 2019, we adopted the standard using the modified retrospective method, under which we elected the package of practical expedients and transition provisions allowing us to bring our existing operating leases onto the Condensed Consolidated Balance Sheet without adjusting comparative periods, but recognizing a cumulative-effect adjustment to the opening balance of accumulated deficit on January 1, 2019. Under the guidance, we have also elected not to separate lease and non-lease components in recognition of the lease-related assets and liabilities, as well as the related lease expense.

We have operating leases for office space in two multitenant facilities, which are not recorded as assets and liabilities as those leases do not have terms greater than 12 months. We have an operating leases for a multi-purpose facility and bulk trailers used in operations which is recorded as an asset and liability as the lease has a terms greater than 12 months. Lease-related assets, or right-of-use assets, are recognized at the lease commencement date at amounts equal to the respective lease liabilities, adjusted for prepaid lease payments, initial direct costs, and lease incentives received. Lease-related liabilities are recognized at the present value of the remaining contractual fixed lease payments, discounted using our incremental borrowing rate. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

Upon adoption of the standard on January 1, 2019, we recorded $1,339,569 of right of use assets and $1,417,435 of lease-related liabilities, with the difference charged to accumulated deficit at that date.

For the three and six months ended June 30, 2019, the Company's lease cost consist of the following components, each of which is included in costs and expenses within the Company's consolidated statements of operations:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operatig lease cost	$ 109,710	$ 219,420
Short-term lease cost (1)	6,450	12,900
Total lease cost	$ 116,160	$ 232,320

(1) Short-term lease costs includes any lease with a term of less than 12 months

[Table of Contents](#)

Fair Value of Financial Instruments

The fair value hierarchy has three levels based on the inputs used to determine fair value, which are as follows:

- Level 1 — Unadjusted quoted prices available in active markets for the identical assets or liabilities at the measurement date.
- Level 2 — Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

- Level 3 — Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Cash was the only asset measured at fair value on a recurring basis by the Company at June 30, 2019 and December 31, 2018 and is considered to be Level 1.

Financial instruments include cash, accounts receivable, accounts payable, deferred revenue, customer credits and short-term debt. The carrying amounts of these financial instruments approximated fair value at June 30, 2019 and December 31, 2018 due to their short-term maturities.

The fair value of the promissory notes payable at June 30, 2019 and December 31, 2018 approximated the carrying amount as the notes were issued during the years ended December 31, 2018 and 2017 at interest rates prevailing in the market and interest rates have not significantly changed as of June 30, 2019. The fair value of the promissory notes payable was determined on a Level 2 measurement. Discounts on issued debt, as well as debt issuance costs, are amortized over the term of the individual promissory notes.

[Table of Contents](#)

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

		Fair Value Measurement as of June 30, 2019		
	Total	Level 1	Level 2	Level 3
Assets:				
Cash	1,320,874	1,320,874		
Total Assets	$ 1,320,874	$ 1,320,874	$ -	$ -
Liabilities				
Promissory notes	12,241,159	-	12,241,159	
Total Libilities	$ 12,241,159	$ -	$ 12,241,159	$ -

		Fair Value Measurement as of December 31, 2018		
	Total	Level 1	Level 2	Level 3

Assets:				
Cash	584,877	584,877		
Total Assets	$ 584,877	$ 584,877	$ -	$ -
Liabilities				
Promissory notes	13,814,208	-	13,814,208	
Total Libilities	$ 13,814,208	$ -	$ 13,814,208	$ -

Foreign Currency Transactions

The Company's functional currency is the United States Dollar (the "U.S. Dollar"). Transactions denominated in currencies other than the U.S. Dollar are re-measured to the U.S. Dollar at the period-end exchange rates. Any associated transactional currency re-measurement gains and losses are recognized in current operations. At both June 30, 2019 and December 31, 2018, there were no material gains or losses recognized.

Revenue Recognition

The Company records revenue in accordance with ASC 606, Revenue from Contracts with Customers ("ASC 606"). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized when the Company satisfies its performance obligation under the contract by transferring the promised product to its customer that obtains control of the product. A performance obligation is a promise in a contract to transfer a distinct product to a customer. Most of the Company's contracts have a single performance obligation, as the promise to transfer products or services is not separately identifiable from other promises in the contract and, therefore, not distinct.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products. As such, revenue is recorded net of returns, allowances, customer discounts, and incentives. Sales and other taxes are excluded from revenues. Invoiced shipping and handling costs are included in revenue. The adoption of this standard did not have a material impact on the Company's financial statements.

[Table of Contents](#)

Disaggregation of Revenue

The Company generated revenue for the three and six months ended June 30, 2019 and 2018 by (i) delivering product to its commercial customers, (ii) completing and commissioning equipment projects at commercial customer sites and (iii) performing demonstrations of its technology at customers with the intent of entering into long term supply agreements based on the performance of the Company's products during the demonstrations.

Revenue for product sales is recognized at the point of time in which the customer obtains control of the product, at the time title passes to the customer upon shipment or delivery of the product based on the applicable shipping terms.

Revenue for equipment sales is recognized upon commissioning and customer acceptance of the installed equipment per the terms of the purchase contract.

Revenue for demonstrations and consulting services is recognized when performance obligations contained in the contract have been completed, typically the completion of necessary field work and the delivery of any required analysis per the terms of the agreement.

Customer Acquisition Costs

Customer acquisition costs are amortized on a straight-line bases over the life of the initial customer contract. The capitalized balance of customer acquisition costs was $0 and $34,467 on June 30, 2019 and December 31, 2018, respectively. Amortization expense for the three and six months ended June 30, 2019 was $0 and $34,467, respectively and for the three and six months ended June 30, 2018 was $34,467 and $68,934, respectively. Amortization expense was included in cost of sales.

Basic and Diluted Loss Per Common Share

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted loss per share reflects the potential dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. For the three and six months ended June 30, 2019 and 2018 basic and diluted earnings per share approximated each other. There were no dilutive potential common shares as of June 30, 2019 and 2018, because the Company incurred net losses and basic and diluted losses per common share are the same. The following common stock equivalents were excluded from the computation of diluted net loss per share of common stock because they were anti-dilutive. The exercise of these common stock equivalents would dilute earnings per share if the Company becomes profitable in the future.

	June 30, 2019	**June 30, 2018**

Stock Options	12,563,326	8,680,893
Warrants	4,102,098	7,237,763
Convertible debt	6,300,000	3,100,000
Total common stock equivalents excluded from diluted net loss per share	22,965,424	19,018,656

[Table of Contents](#)

Concentration of Credit Risk

Financial instruments that subject the Company to credit risk consist of cash and equivalents on deposit with financial institutions and accounts receivable. The Company's cash as of June 30, 2019 is maintained at high-quality financial institutions and has not incurred any losses to date.

Customer and Supplier Concentration

For each of the six months ended June 30, 2019 and 2018, 100% of the Company's revenue related to eight customers. At June 30, 2019 and 2018, 100% of the Company's accounts receivable related to seven and eight customers, respectively.

For each of the six months ended June 30, 2019 and 2018, 91% and 90% of the Company's purchases related to two suppliers, respectively. At June 30, 2019 and 2018, 71% and 53% of the Company's accounts payable and accrued expenses related to two vendors, respectively. The Company believes there are numerous other suppliers that could be substituted should the supplier become unavailable or non-competitive.

Contingencies

Certain conditions may exist which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.
Loss contingencies considered remote are generally not disclosed unless they arise from guarantees, in which case the guarantees would be disclosed.

Recently Issued Accounting Standards

In June 2018, the FASB issued ASU No. 2018-07, "Compensation — Stock Compensation (Topic 718)" ("ASU 2018-07"). ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for nonemployee share based payments. Currently, the accounting requirements for nonemployee and employee share-based payment transactions are significantly different. ASU 2018-07 expands the scope of Topic 718, Compensation — Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. This ASU supersedes Subtopic 505-50, Equity — Equity-Based Payments to Nonemployees. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, and including interim periods within that fiscal year. Early adoption is permitted, but no earlier than a company's adoption date of Topic 606, Revenue from Contracts with Customers. The Company is currently evaluating ASU 2018-07 and its impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13"). The amendments in ASU 2018-13 modify the disclosure requirements associated with fair value measurements based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The amendments are effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating ASU 2018-13 and its impact on its consolidated financial statements.

Note 3 – Liquidity and Financial Condition

Under ASU 2014-15 Presentation of Financial Statements—Going Concern (Subtopic 205-40) ("ASC 205-40"), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company's ability to continue as a going concern in accordance with the requirement of ASC 205-40.

As reflected in the condensed consolidated financial statements, the Company had $1,321,000 in cash on its balance sheet at June 30, 2019. The Company had a working capital deficit of $72,000 and an accumulated deficit $52.0 million. Additionally, the Company had a net loss in the amount of $475,000 and cash used by operating activities of $507,000 for the six months ended June 30, 2019, respectively.

The accompanying condensed consolidated financial statements as of June 30, 2019 have been prepared assuming the Company will continue as a going concern. During 2018, the Company restructured convertible notes totaling $560,000 into new loans that mature in 2023. In February 2019, the Company completed the restructuring of its unsecured and secured debt obligations held its largest promissory noteholder, extending the maturity dates of these debts and the remaining convertible notes until 2022 and eliminating quarterly principal payment requirements. In June 2019, the Company sold $1,300,000 of new convertible notes which mature in 2024. Based on the extended maturities the Company negotiated with its note holders, historical sales and gross margin trends with its current customers under contract and the incremental sales and gross margin from the newly announced customer contracts, management believes substantial doubt regarding the Company's ability to continue as a going concern has been mitigated. The Company believes it will have sufficient working capital to fund operations for at least the next twelve months from the date of issuance of these financial statements.

Note 4 - Inventory

The Company held product supply inventory valued at $345,263 and $306,651, raw materials inventory valued at $112,189 and $87,730 and equipment and parts inventory valued at $114,100 and $113,035 as of June 30, 2019 and December 31, 2018, respectively.

Table of Contents

Note 5 - Property and Equipment, Net

Property and equipment at June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
Equipment & Installation	$ 1,965,659	$ 1,965,659
Trucking equipment	983,948	983,948
Computer equipment and software	117,212	117,212
Office equipment	27,155	27,155
Total equipment	3,093,974	3,093,974
Less: accumulated depreciation	(2,667,025)	(2,503,990)
Construction in process	1,807,707	1,807,707
Property and equipment, net	$ 2,234,656	$ 2,397,691

The Company uses the straight-line method of depreciation over 2 to 5 years. During the six months ended June 30, 2019 and 2018 depreciation expense was $163,035, and $227,968.

Note 6 – Intellectual Property

On January 15, 2009, the Company entered into an "Exclusive Patent and Know-How License Agreement Including Transfer of Ownership" with the Energy and Environmental Research Center Foundation, a non-profit entity ("EERCF"). Under the terms of the Agreement, the Company has been granted an exclusive license by EERCF for the technology to develop, make, have made, use, sell, offer to sell, lease, and import the technology in any coal-fired combustion systems (power plant) worldwide and to develop and perform the technology in any coal-fired power plant in the world.

On April 24, 2017, the Company closed on the acquisition from EERCF of all patent rights, including all patents and patents pending, domestic and foreign, relating to the foregoing technology. A total of 42 domestic and foreign patents and patent applications were included in the acquisition. In accordance with the terms of the License Agreement, the patent rights were acquired for the purchase price of (i) $2,500,000 in cash, and (ii) 925,000 shares of common stock of which 628,998 shares were issued to EERCF and 296,002 were issued to the inventors who had been designated by EERCF. The shares issued were valued at $518,000 ($0.56 per share), representing the value as of the closing date.

License and patent costs capitalized as of June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	December 31, 2018
Patents	$ 3,068,995	$ 3,068,995
Less: Accumulated Amortization	(435,933)	(335,333)
License, Net	$ 2,633,062	$ 2,733,662

Amortization expense for each of the six months ended June 30, 2019 and 2018 was $100,602. Estimated annual amortization for each of the next five years is approximately $201,200.

Table of Contents

Note 7 –Convertible Notes Payable

The Company has the following convertible notes payable outstanding as of June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Secured convertible promissory notes which mature upon the retirement of the New AC Midwest Secured Debt, bear interest at 10% per annum, and are convertible into one share of common stock, par value $0.001 per share.	$ 990,000	$ 990,000
Unsecured convertible promissory notes which mature beginning on June 15, 2023, bear interest at 12% per annum, and are convertible into one share of common stock, par value $0.001 per share.	860,000	860,000
Unsecured convertible promissory notes which mature beginning on June 18, 2024, bear interest at 12% per annum, and are convertible into one share of common stock, par value $0.001 per share.	$ 1,300,000	$ -
Total convertible notes payable before discount	3,150,000	1,850,000
Less discounts	(275,646)	(89,430)
Convertible notes payable	2,874,354	1,760,570

As of June 30, 2019, remaining scheduled principal payments due on convertible notes payable are as follows:

Twelve months ended December 31,	
2019	$ -
2020	-
2021	-
2022	990,000
2023	860,000
Thereafter	1,300,000
	$ 3,150,000

As of June 30, 2019, the remaining future amortization of discounts are as follows:

Twelve months ended June 30,	**Discounts**
2019	$ 29,565
2020	59,129
2021	59,129
2022	59,129
2023	50,579
Thereafter	18,116

	$ 275,646

Table of Contents

Note 8 - Secured Note Payable

On November 29, 2016, pursuant to a new restated financing agreement entered with AC Midwest Energy, LLC ("AC Midwest") on November 1, 2016, the Company closed on a new secured note with AC Midwest ("The New AC Midwest Secured Note") in the principle amount of $9,646,686, which was to mature on December 15, 2018.The New AC Midwest Secured Note is guaranteed by MES, is non-convertible and bears interest at a rate of 15.0% per annum, payable quarterly in arrears on or before the last day of each fiscal quarter. The New AC Midwest Secured Note is secured by all of the assets of the Companies. Interest expense for the three and six months ended June 30, 2019 was $10,301 and $20,490, respectively. Interest expense for the three and six months ended June 30, 2018 was $14,853 and $45,712, respectively. On February 25, 2019, per Amendment No. 3 ("Amendment No. 3") to the Amended and Restate Financing Agreement, AC Midwest agreed to waive compliance with a certain financial covenant of the Restated Financing Agreement and strike this covenant in its entirety as of the effective date of the amendment. Also, pursuant to Amendment No. 3, the parties agreed that the maturity date for the remaining principal balance due under the AC Midwest Secured Note would be extended from December 15, 2018 to August 25, 2022. As of June 30, 2019 and December 31, 2018, total principal of $271,686 and $271,686 was outstanding on this note.

Note 9 – Unsecured Note Payable

On November 29, 2016, pursuant to a new restated financing agreement entered with AC Midwest on November 1, 2016, the Company closed on an unsecured note with AC Midwest ("The AC Midwest Unsecured Note") in the principle amount of $13,000,000, which was to mature on December 15, 2020. On February 25, 2019, the Company, entered into an Unsecured Note Financing Agreement (the "Unsecured Note Financing Agreement") with AC Midwest, pursuant to which AC Midwest issued an unsecured note in the principal amount of $13,154,930.60 (the "New AC Midwest Unsecured Note"), which represented the outstanding principal and accrued and unpaid interest at closing. The Company recorded a gain of $3,412,204 on this exchange which is primarily related to the difference in fair value of the notes on the date of the exchange.

The New AC Midwest Unsecured Note, which has been issued in exchange for the AC Midwest Subordinated Note which has now been cancelled, will mature on August 25, 2022 (the "Maturity Date"). It bears a zero cash interest rate.

If the original principal amount is paid in full on or before August 25, 2020 (18 months from issuance), AC Midwest shall be entitled to a profit participation preference equal to 0.5 times the original principal amount, and if the original principal amount is paid in full after August 25, 2020, AC Midwest shall be entitled to a profit participation preference equal to 1.0 times the original principal amount (the "Profit Share"). The Profit Share is "non-recourse" and shall only be derived from and computed on the basis of, and paid from, Net Litigation Proceeds from claims relating to the Company's intellectual property, Net Revenue Share and Adjusted Free Cash Flow (as such terms are defined in the Unsecured Note Financing Agreement).

The Company shall pay the principal outstanding, as well as the Profit Share, in an amount equal to 60.0% of Net Litigation Proceeds until such time as any litigation funder has been paid in full and, thereafter, in an amount equal to 75.0% of such Net Litigation Proceeds until the Unsecured Note and Profit Share have been paid in full. In addition, and within 30 days following the end of each fiscal quarter, the Company shall pay the principal outstanding and Profit Share in an aggregate amount equal to the Net Revenue Share (which means 60.0% of Net Licensing Revenue (as defined) from licensing the Company's intellectual property) plus Adjusted Free Cash Flow until the Unsecured Note and Profit Share have been paid in full, provided, however, that such payments shall exclude the first $3,500,000 of Net Licensing Revenue and Adjusted Free Cash Flow achieved commencing with the fiscal quarter ending March 31, 2019. Any remaining principal balance due on the Unsecured Note shall be due and payable in full on the Maturity Date. The Profit Share, however, if not paid in full on or before the Maturity Date, shall remain subject to Unsecured Note Financing Agreement until full and final payment.

The Company determined that the rate of interest on the AC Midwest Subordinated Note was a below market rate of interest and determined that a discount of $11,113,087 should be recorded. This discount is based on an applicable market rate for unsecured debt for the Company of 21% and will be amortized as interested expense over the life of the loan. Amortized discount recorded as interest expense for the three and six months ended June 30, 2019 was $628,286 and $837,714, respectively. As of June 30, 2019, the unamortized balance of the discount was $10,275,373.

Table of Contents

Note 10 - Operating Leases

In 2016, the Company entered into a six year agreement to lease trailers used in the delivery of its products. Monthly payments currently total $32,820.

On January 27, 2015, the Company entered into a lease for office space in Lewis Center, Ohio, commencing February 1, 2015 which lease as amended expires in February 2020. The lease provides for the option to extend the lease for up to five additional years. Monthly rent is $1,575 through February 2020.

On July 1, 2015, the Company entered into a five year lease for warehouse space in Corsicana, Texas. Rent is $3,750 monthly throughout the term of the lease. The Company is also responsible for the pro rata share of the projected monthly expenses for the property taxes. The current pro rata share is $882. The lease was extended on June 1, 2019 for five years.

On September 1, 2018, the Company entered into a one year lease for office space in Grand Forks, North Dakota. Monthly rent is $575 a month through August 2019.

Future remaining minimum lease payments under these non-cancelable leases are approximately as follows:

For the the twelve months ended December 31	
2019	$ 230,020
2020	441,990
2021	438,840
2022	333,960
2023	45,000
Thereafter	11,250
Total	1,501,060
Less discount	(299,591)
Less short term leases	(13,750)
Total lease liabilities	1,187,719
Less current portion	(381,245)
Operating lease obligation, net of current portion	$ 806,474

The weighted average remaining lease term for operating leases is 2.4 years and the weighted average discount rate used in calculating the operating lease asset and liability is 5.0%. For the six months ended June 30, 2019, payments on lease obligations were $229,716 and amortization on the right of use assets was $188,841.

Note 11 – Commitments and Contingencies

Fixed Price Contract

The Company's multi-year contracts with its commercial customers contain fixed prices for product. These contracts expire through 2019 and expose the Company to the potential risks associated with rising material costs during that same period. Revenue reported during interim periods were recorded based on the facts and circumstances at the time and any differences noted when the final revenue is determined is considered to be a change in estimate for the period.

Legal proceedings

The Company is involved in various claims and legal proceedings arising from the normal course of business. While the ultimate liability, if any, from these proceedings is presently indeterminable, in the opinion of management, these matters should not have a material adverse effect on the Company's consolidated financial statements.

Note 12 - Stock Based Compensation

The Company accounts for stock-based compensation awards in accordance with the provisions of ASC 718, which addresses the accounting for employee stock options which requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the consolidated financial statements over the vesting period based on the estimated fair value of the awards.

A summary of stock option activity for the six months ended June 30, 2019 is presented below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
December 31, 2018	9,161,510	1.15	2.0	-
Expirations	(635,000)	-	-	-
March 31, 2019	8,526,510	1.19	1.9	-
Grants	4,600,000	0.27	5.0	-
Expirations	(563,184)	11.19	-	-
June 30, 2019	12,563,326	0.55	4.5	-
Options exercisable at:				
June 30, 2019	12,563,326	0.55	4.5	-

The Company utilized the Black-Scholes options pricing model. The significant assumptions utilized for the Black Scholes calculations consist of an expected life of equal to the expiration term of the option, historical volatility of 100%, and a risk free interest rate of 3%

On May 14, 2019, Frederick Van Zijl resigned as a director of the Company. In connection with such resignation, the Company has agreed to issue, and Mr. Van Zijl has agreed to accept, an aggregate of 235,184 shares of common stock of the Company in full and complete payment for service on the Board since his appointment in October 2018. Compensation of $63,500 based on the market price of the shares on the date of issuance was included in selling, general and administrative expenses within the Company's condensed consolidated statements of operations.

Table of Contents

On June 4, 2019, Allan T. Grantham resigned as a director of the Company. In connection with such resignation, the Company has agreed to issue, and Mr. Grantham has agreed to accept, an aggregate of 229,333 shares of common stock of the Company in full and complete payment for service on the Board for 2018 and 2019. Compensation of $55,040 based on the market price of the shares on the date of issuance was included in selling, general and administrative expenses within the Company's condensed consolidated statements of operations.

On June 28, 2019, the Company granted nonqualified stock options to acquire an aggregate of 4,600,000 shares of the Company's common stock under the Company's 2017 Equity Plan to certain executive officers, employees and others. The options granted are exercisable at $0.27 per share, representing the fair market value of the common stock on the date of grant as determined under the 2017 Equity Plan. The options are fully vested and exercisable as of the date of grant and will expire five years thereafter. Based on a Black-Scholes valuation model, these options were valued at $898,207 in accordance with FASB ASC Topic 718 which was included in selling, general and administrative expenses within the Company's condensed consolidated statements of operations.

Also on June 28, 2019, the Company extended the expiration dates of previously granted nonqualified stock options to acquire an aggregate of 4,675,000 shares of the Company's common stock under the Company's 2014 Equity Plan to certain executive officers, employees and others. The extended options are exercisable from $0.42 to $1.36 per share, representing the original fair market value of the common stock on the date of grant as determined under the 2014 Equity Plan. The options are fully vested and exercisable and will now expire five years from the date of the extension. Based on a Black-Scholes valuation model, these options were valued at $745,989 in accordance with FASB ASC Topic 718 which was included in selling, general and administrative expenses within the Company's condensed consolidated statements of operations.

Note 13 - Warrants

Unless sold and issued warrants are subject to the provisions of FASB ASC 815-10, the Company utilized a Black-Scholes options pricing model to value the warrants sold and issued. This model requires the input of highly subjective assumptions such as the expected stock price volatility and the expected period until the warrants are exercised. When calculating the value of warrants issued, the Company uses a volatility factor of 100%, a risk free interest rate and the life of the warrant for the exercise period.

The following table summarizes information about common stock warrants outstanding at June 30, 2019:

Outstanding				**Exercisable**	
Exercise Price	**Number Outstanding**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**
0.70	2,160,000	4.61	0.70	2,160,000	0.70
0.45	150,000	1.42	0.45	150,000	0.45
0.35	1,792,098*	1.04	0.35	1,792,098	0.35
$ 0.50 - $3.30	4,102,098	2.93		4,102,098	

Note * 916,720 warrants exercisable at $0.35 contain dilution protections that increase the number of shares purchasable at exercise upon the issuance of securities at a price below the current exercise price.

During June 2019, the Company issued unsecured convertible notes and warrants to unaffiliated accredited investors totaling $1,300,000. The notes are convertible into shares of common stock, with the initial conversion ratio equal to $0.50 per share. The investors received warrants to purchase a total of 1,300,000 shares of common stock with an exercise price of $0.70 per share. These securities were sold in reliance upon the exemption provided by Section 4(a)(2) of the Securities Act and the safe harbor of Rule 506 under Regulation D promulgated under the Securities Act. Using a Black-Scholes Valuation model these warrants had a value of $197,664 which was recorded as a discount on the notes payable and will be amortized over the life of the associated notes payable.

Note 14 – Subsequent Events

From July 1 through August 14, 2019, the Company issued unsecured convertible notes and warrants to unaffiliated accredited investors totaling $500,000. The notes are convertible into shares of common stock, with the initial conversion ratio equal to $0.50 per share. The investors received warrants to purchase a total of 500,000 shares of common stock with an exercise price of $0.70 per share. These securities were sold in reliance upon the exemption provided by Section 4(a)(2) of the Securities Act and the safe harbor of Rule 506 under Regulation D promulgated under the Securities Act.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes that appear elsewhere within this report. Certain statements we make under this Item 2 constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. See "Forward-Looking Statements" in "Part I" preceding "Item 1 – Financial Information." You should consider our forward-looking statements in light of the risks discussed under the heading "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2018, as well as our unaudited condensed consolidated financial statements, related notes and other financial information appearing elsewhere in this report and our other filings with the Securities and Exchange Commission.

Background

Midwest Energy Emissions Corp. (the "Company", "we", "us" and "our") is an environmental services and technology company specializing in mercury emission control technologies, primarily to utility and industrial coal-fired units. We deliver 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. We have developed patented technology and proprietary products that have been shown to achieve mercury removal at a significantly lower cost and with less operational impact than currently used methods, while maintaining and/or increasing unit output and preserving the marketability of fly-ash for beneficial use.

North America is currently the largest market for our technology. The U.S. EPA MATS (Mercury and Air Toxics Standards) rule requires that all coal and oil-fired power plants in the U.S., larger than 25MWs, must limit mercury in its emissions to below certain specified levels, according to the type of coal burned. Power plants were required to begin complying with MATS on April 16, 2015, unless they were granted a one-year extension to begin to comply. MATS, along with many state and provincial regulations, form the basis for mercury emission capture at coal fired plants across North America. Under the MATS regulation, Electric Generating Units ("EGUs") are required to remove about 90% of the mercury from their emissions. We believe that we continue to meet the requirements of the industry as a whole and our technologies have been shown to achieve mercury removal levels compliant with all state, provincial and federal regulations at a lower cost and with less plant impact than our competition.

As is typical in this market, we are paid by the EGU based on how much of our material is injected to achieve the needed level of mercury removal. Our current clients pay us as material is delivered to their facility. Clients will use our material whenever their EGUs operate, although EGUs are not always in operation. EGUs typically may not be in operation due to maintenance reasons or when the price of power in the market is less than their cost to produce power. Thus, our revenues from EGU clients will not typically be a consistent stream but will fluctuate, especially seasonally as the market demand for power fluctuates.

Table of Contents

The MATS regulation has been subject to legal challenge, and in June 2015, the U.S. Supreme Court held that the EPA unreasonably failed to consider costs in determining whether it is "appropriate and necessary" to regulate hazardous air pollutants, including mercury, from power plants. The Court remanded the case back to the U.S. Court of Appeals for the District of Columbia Circuit for further proceedings, but left the rule in place. In December

2015, the D.C. Circuit remanded the rule back to the EPA for further consideration while allowing MATS to remain in effect pending the EPA's finding; the Supreme Court later denied a petition challenging the lower court's decision to remand without vacating. On April 14, 2016, EPA issued a final supplemental finding reaffirming the MATS rule on the ground that it is supported by the cost analysis the Supreme Court required. That supplemental finding is under review by the D.C. Circuit, and the Company is unable to predict with certainty the outcome of these proceedings. On April 18, 2017, EPA asked the court to place that litigation in abeyance, stating that the Agency is reviewing the supplemental finding to determine whether it should be reconsidered in whole or in part. The court granted EPA's abeyance request on April 27, 2017, and ordered EPA to file 90-day status reports starting July 26, 2017. In February 2019, the EPA published its proposed revised supplemental cost-benefits finding for MATS which concludes that the 2016 supplemental finding was flawed in part due to its reliance on co-benefits to justify MATS. Nevertheless, the EPA is proposing to leave the MATS rule in place. EPA requested public comment, however, on whether MATS may or must be rescinded if EPA reverses its earlier conclusion that it is "appropriate and necessary" to regulate power plant emissions of mercury and other hazardous air pollutants under the statutory provision authorizing MATS. The public comment period ended April 17, 2019. As of the date of the filing of this report, we are unable to predict whether the proposed supplemental cost-benefits finding will be finalized in substantially the form as proposed, or finalized at all. Any such final action will almost certainly be challenged in the courts, which could extend uncertainty over the status of MATS for a number of years. Investors should note that any changes to the MATS rule could have a negative impact on our business.

Executive Overview

We remain focused on positioning the Company for short and long-term growth. During 2018, we focused on execution at our customer sites and on continual operation improvement. We continue to make refinements to all of our key products, as we continue to focus on the customer and its operations. As part of our overall strategy, we have a number of initiatives which we believe will be able to drive our short and long-term growth:

- Our acquisition of all the patent rights, including all patents and patents pending, domestic and foreign, which forms the basis of our mercury control technology, which acquisition was completed in April 2017 provides a strong foundation for us to seek new customers for product using a two-part mercury control process or to offer licenses on a case by case basis.

- In the United States, we continue to seek new utility customers for our technology in order for them to meet the MATS requirements as well as maintaining our contractual arrangements with our current customers. In this regard, in October 2018, we secured a supply contract extension with our largest customer and also expanded into this customer's fleet by securing two additional coal-fired boilers to which we supply our technology and products. In March 2019, we secured two additional coal-fired boilers within this customer's fleet. In addition, in March 2019, we secured a contract renewal with another long-term customer and entered into an agreement with a new utility customer to supply our technology and products. In May 2019, we announced that we had signed a multi-year contract renewal with a long-term customer located in the U.S. Southwest, and in July 2019 we announced a two-year contract extension with another long-term customer.

- In Europe, we are working to penetrate this market through our licensing agreement entered into in March 2018 with one of our primary suppliers. We believe such arrangement will make our technology more marketable throughout Europe and which will benefit the Company from such supplier's knowledge and operations in the region.

- On February 25, 2019, we were able to complete the restructuring of our unsecured and secured debt obligations held by AC Midwest Energy LLC extending the maturity dates of these debts until 2022 and eliminating quarterly principal payment requirements. This restructuring reflects the commitment of our financial partner in our efforts to attract new business, manage our present customers and monetize our patent portfolio.

- In June 2019, we raised $1,300,000 in a private placement offering of 12.0% unsecured convertible promissory notes and warrants sold and issued to certain accredited investors. We raised an additional $500,000 in such offering in the third quarter of this year to date.

- In July 2019, we announced that we had initiated patent litigation against defendants in the U.S. District Court for the District of Delaware for infringement of certain patents which relate to our two-part Sorbent Enhancement Additive (SEA®) process for mercury removal from coal-fired power plants.

Although we face a host of challenges and risks, we are optimistic about our future and expect our business to grow substantially.

[Table of Contents](#)

Results of Operations

The Company saw an increase in sales in the six months ended June 30, 2019 as compared to the same period in 2018. The increase in product sales is primarily due to the recently announced new customer EGU's noted above.

Revenues

Sales - We generated revenues of approximately $2,510,000 and $2,452,000 for the three months ended June 30, 2019 and 2018, respectively and $5,297,000 and $4,573,000 for the six months ended June 30, 2019 and 2018, respectively. Total sorbent product sales for the three months ended June 30, 2019 and 2018 were $2,319,000 and $2,415,000, respectively and $5,077,000 and $4,475,000 for the six months ended June 30, 2019 and 2018. The increase from the prior year is primarily due to the increase in customer EGU's.

Equipment sales and other revenues for the three months ended June 30, 2019 and 2018 were $13,000 and $0, respectively and $18,000 and $9,000 for the six months ended June 30, 2019 and 2018.

Costs and Expenses

Costs and expenses were $5,349,000 and $4,152,000 during the three months ended June 30, 2019 and 2018, respectively and $5,772,000 and $8,185,000 for the six months ended June 30, 2019 and 2018. The decrease in costs and expenses from the prior year is primarily attributable to a gain on debt restructuring recognized in the 1st quarter.

Costs of sales were $1,795,000 and $1,883,000 for the three months ended June 30, 2019 and 2018, respectively and $3,961,000 and $3,591,000 for the six months ended June 30, 2019 and 2018. The year to date increase in cost is primarily attributable to the increase in product sales in 2019.

Selling, general and administrative expenses were $2,790,000 and $1,710,000 for the three months ended June 30, 2019 and 2018, respectively and $3,930,000 and $3,491,000 for the six months ended June 30, 2019 and 2018. The increase in the year to date selling, general and administrative expenses is primarily attributed to an increase in stock based compensation to $1,763,000 compared to $385,000 in the year to date of 2018. This increase was offset by decreases in salaries, sales commissions and benefits in 2019 compared to 2018.

Interest expense related to the financing of capital was $763,000 and $516,000 for the three months ended June 30, 2019 and 2018, respectively and $1,293,000 and $1,058,000 for the six months ended June 30, 2019 and 2018. The breakdown of interest expense for the three and six months ended June 2019 and 2018 is as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2019	**2018**	**2019**	**2018**
	(In thousands)		**(In thousands)**	
Interest expense on notes payable	$ 66	$ 291	$ 284	$ 612
Amortization of discount of notes payable	635	187	939	371
Amortization of debt issuance costs	62	38	70	76
	$ 763	$ 516	$ 1,293	$ 1,059

Net Income (Loss)

For the three months ended June 30, 2019 and 2018 we had a net loss of approximately $2,839,000 and $1,701,000. For the six months ended June 30, 2019 and 2018 we had a net loss of approximately $475,000 and $3,612,000. The change in net loss for the six months ended June 30, 2019 is primarily due to the gain on debt restructuring recognized during the 1st quarter of 2019.

Liquidity and Capital Resources

The Company had $1,321,000 in cash on its balance sheet at June 30, 2019. The Company had working deficit of $72,000 and an accumulated deficit $52.0 million. Additionally, the Company had a net loss in the amount of $475,000 and cash used by operating activities of $507,000 for the six months ended June 30, 2019.

During 2018, the Company restructured convertible notes totaling $560,000 into new loans that mature in 2023. In February 2019, the Company completed the restructuring of its unsecured and secured debt obligations held its largest promissory noteholder, extending the maturity dates of these debts and the remaining convertible notes until 2022 and eliminating quarterly principal payment requirements. In June 2019, the Company sold $1,300,000 new convertible notes which mature in 2024 to investors. Based on the extended maturities the Company negotiated with its note holders, historical sales and gross margin trends with its current customers under contract and the incremental sales and gross margin from the newly announced customer contracts, management believes substantial doubt regarding the Company's ability to continue as a going concern has been mitigated. The Company believes it will have sufficient working capital to fund operations for at least the next twelve months from the date of issuance of these financial statements.

Total assets were $9,440,000 at June 30, 2019 versus $8,039,000 at December 31, 2018. The change in total assets is primarily attributable to the increase in right of use assets.

Total liabilities were $16,654,000 at June 30, 2019 versus $16,660,000 at December 31, 2018.

Operating activities used $507,000 and $889,000 of cash during the six months ended June 30, 2019 and 2018, respectively. The decrease in cash used in operating activities is primarily attributable to a decrease in net loss and is offset by the non-cash gain on debt restructuring offset by an increase in stock based compensation in 2019.

Investing activities used $0 and $132,000 during the six months ended June 30, 2019 and 2018, respectively.

Financing activities provided $1,243,000 during the six months ended June 30, 2019 and used $904,000 during the six months ended June 30, 2019 and 2018, respectively. In 2019, the company raised $1,300,000 in unsecured convertible debt.

Off-Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, and results of operations, liquidity or capital expenditures.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial conditions and results of operation are based upon the accompanying consolidated financial statements which have been prepared in accordance with the generally accepted accounting principles in the U.S. The preparation of the consolidated financial statements requires that we make estimates and assumptions that affect the amounts reported in assets, liabilities, revenues and expenses. Management evaluates on an on-going basis our estimates with respect to the valuation allowances for accounts receivable, income taxes, accrued expenses and equity instrument valuation, for example. We base these estimates on various assumptions and experience that we believe to be reasonable. The following critical accounting policies are those that are important to the presentation of our financial condition and results of operations. These policies require management's most difficult, complex, or subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain.

The following critical accounting policies affect our more significant estimates used in the preparation of our consolidated financial statements. In particular, our most critical accounting policies relate to the recognition of revenue, and the valuation of our stock-based compensation.

Accounts Receivable

Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Revenue Recognition

The Company records revenue in accordance with ASC 606, Revenue from Contracts with Customers ("ASC 606"). The Company's revenues are primarily comprised of sales of products. Revenue is recognized when the Company satisfies its performance obligation under the contract by transferring the promised product to its customer that obtains control of the product. A performance obligation is a promise in a contract to transfer a distinct product to a customer. Most of the Company's contracts have a single performance obligation, as the promise to transfer products or services is not separately identifiable from other promises in the contract and, therefore, not distinct.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products. As such, revenue is recorded net of returns, allowances, customer discounts, and incentives. Sales and other taxes are excluded from revenues. Invoiced shipping and handling costs are included in revenue.

The Company generated revenue for the years ended December 31, 2018 and 2017 by (i) delivering product to its commercial customers, (ii) completing and commissioning equipment projects at commercial customer sites and (iii) performing demonstrations of its technology at customers with the intent of entering into long term supply agreements based on the performance of the Company's products during the demonstrations.

Revenue for product sales is recognized at the point of time in which the customer obtains control of the product, at the time title passes to the customer upon shipment or delivery of the product based on the applicable shipping terms.

Revenue for equipment sales is recognized upon commissioning and customer acceptance of the installed equipment per the terms of the purchase contract.

Revenue for demonstrations and consulting services is recognized when performance obligations contained in the contract have been completed, typically the completion of necessary field work and the delivery of any required analysis per the terms of the agreement.

Stock-Based Compensation

Share-based payments be reflected as an expense based upon the grant-date fair value of those grants over their vesting period. Accordingly, the fair value of each option grant, non-vested stock award and shares issued under our employee stock purchase plan, were estimated on the date of grant. We estimate the fair value of these grants using the Black-Scholes model which requires us to make certain estimates in the assumptions used in this model, including the expected term the award will be held, the volatility of the underlying common stock, the discount rate, dividends and the forfeiture rate. The expected term represents the period of time that grants and awards are expected to be outstanding. Expected volatilities were based on historical volatility of our stock. The risk-free interest rate approximates the U.S. treasury rate corresponding to the expected term of the option. Dividends were assumed to be zero. Forfeiture estimates are based on historical data. These inputs are based on our assumptions, which we believe to be reasonable but that include complex and subjective variables. Other reasonable assumptions could result in different fair values for our stock-based awards. Stock-based compensation expense, as determined using the Black-Scholes option-pricing model, is recognized on a straight-line basis over the service period, net of estimated forfeitures. To the extent that actual results or revised estimates differ from the estimates used, those amounts will be recorded as an adjustment in the period that estimates are revised.

Non-GAAP Financial Measures

Adjusted EBITDA

To supplement our consolidated financial statements presented in accordance with GAAP and to provide investors with additional information regarding our financial results, we consider and are including herein 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 interest and financing fees, 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 because it allows management, investors, debtholders and others to evaluate and compare ongoing operating results from period to period by removing the impact of our asset base, any asset disposals or impairments, stock based compensation and other non-cash income and expense items associated with our reliance on issuing equity-linked debt securities to fund our working capital.

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.

We prepare and publicly release quarterly unaudited financial statements prepared in accordance with GAAP. The following table shows our reconciliation of Net Loss to Adjusted EBITDA for the three and six months ended June 30, 2019 and 2018, respectively:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands)		(In thousands)	
Net loss	$ (2,839)	$ (1,701)	$ (475)	$ (3,612)
Non-GAAP adjustments:				
Depreciation and amortization	249	149	511	398
Interest and letter of credit fees	764	516	1,293	1,058
Income taxes	-	-	-	-
Stock based compensation	1,758	84	1,758	385
(Gain)/Loss on debt exchange	-	44	(3,412)	44
Adjusted EBITDA	$ (68)	$ (908)	$ (325)	$ (1,727)

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4 – CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive officer and principal financial officer concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were not effective as a result of material weaknesses in our internal control over financial reporting. The ineffectiveness of our disclosure controls and procedures was due to the following material weaknesses in our internal control over financial reporting, which are common to many small companies: (i) lack of a sufficient complement of personnel commensurate with the Company's reporting requirements; and (ii) insufficient written documentation or training of our internal control policies and procedures which provide staff with guidance or framework for accounting and disclosing financial transactions.

Despite the existence of the material weaknesses above, we believe that the consolidated financial statements contained in this Form 10-Q fairly present our financial position, results of operations and cash flows as of and for the periods presented in all material respects.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act) during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting except the updated business processes and internal controls made in support of the adoption of the new lease accounting standard. Certain actions have been taken to address certain aspects of the material weaknesses disclosed above. We continue to actively plan for and implement additional control procedures to improve our overall control environment and expect these efforts to continue throughout 2019 and beyond. Due to the nature of the remediation process, the need to have sufficient resources (cash or otherwise) to devote to such efforts, and the need to allow adequate time after implementation to evaluate and test the effectiveness of the controls, no assurance can be given as to the timing of achievement of remediation.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

On July 17, 2019, we initiated patent litigation against certain defendants in the U.S. District Court for the District of Delaware for infringement of United States Patent Nos. 10,343,114 (the "'114 Patent") and 8,168,147 (the "'147 Patent") owned by the Company. These patents relate to our two-part Sorbent Enhancement Additive (SEA®) process for mercury removal from coal-fired power plants. Named as defendants in the lawsuit are (i) Vistra Energy Corp., AEP Generation Resources Inc., NRG Energy, Inc., Talen Energy Corporation, and certain of their respective affiliated entities, all of which are owners and/or operators of coal-fired power plants in the United States, and (ii) Arthur J. Gallagher & Co., DTE REF Holdings, LLC, CERT Coal Holdings LLC, Chem-Mod LLC, and certain of their respective affiliated entities, and additional named and unnamed defendants, all of which operate or are involved in operations of coal facilities in the United States. In the lawsuit, the Company alleges that each of the defendants has willfully infringed the Company's '114 Patent and '147 Patent and seeks a permanent injunction from further acts of infringement and monetary damages.

ITEM 1A – RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3 - DEFAULT UPON SENIOR SECURITIES

Not applicable.

ITEM 4 - MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 - OTHER INFORMATION

None

Table of Contents

ITEM – 6 EXHIBITS

Exhibit Number	Description
10.1*	Form of 2019-Unsecured Convertible Promissory Notes
31.1*	Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
31.2*	Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
32.1*	Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2*	Certification by Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code
101*	The following financial information from our Quarterly Report on Form 10-Q for the three months ended June 30, 2019 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Stockholders' Deficit, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements

* Filed herewith.

[Table of Contents](#)

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 thereunto duly authorized.

MIDWEST ENERGY EMISSIONS CORP.

Dated: August 14, 2019

By: */s/ Richard MacPherson*
Richard MacPherson
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2019

By: */s/ Richard H. Gross*
Richard H. Gross
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.1

INTERESTS REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED HEREUNDER AND PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

MIDWEST ENERGY EMISSIONS CORP.

12.0% 2019-UNSECURED CONVERTIBLE PROMISSORY NOTE

Lewis Center, Ohio
No. MEEC-CN-2019-__ Date: __________

THIS UNSECURED CONVERTIBLE PROMISSORY NOTE (the "***Note***") is one of a duly authorized issue of promissory notes of Midwest Energy Emissions Corp., a corporation duly organized and existing under the laws of the State of Delaware having its principal address at 670 D Enterprise Drive, Lewis Center, Ohio 43035 (the "***Company***"), designated as its 12.0% 2019-Unsecured Convertible Promissory Notes in the aggregate principal amount not exceeding Two Million Six Hundred Thousand Dollars ($2,600,000) (the "***2019 Notes***"). The 2019 Notes will be issued under and pursuant to the terms and provisions of a Subscription Agreement entered into by the Company with the original purchaser therein who is referred to in this Note as the original holder (the "***Original Holder***"). This Note is subject to all of the terms and provisions thereunder, to which reference is hereby made for the terms and provisions thereof.

FOR VALUE RECEIVED, the Company promises to pay to ________________________, with an address at ______________________________, email: ________________, or permitted assigns (the "***Holder***"), the principal sum of U.S. $______________ on _______________, 2024 (the "***Maturity Date***"), and to pay interest on the principal sum outstanding under this Note (the "***Outstanding Principal Amount***"), at the rate of 12.0% per annum due and payable semi-annually in arrears on the 1st day of January and July of each year (each an "***Interest Payment Date***"), with the first such payment due on January 1, 2020, subject to Section 2 hereof. Accrual of interest shall commence on the first day to occur after the date hereof and shall continue until payment in full of the Outstanding Principal Amount and all interest hereunder has been made. The principal of and interest on this Note are payable in such coin or currency of the United States of America as of the time of payment is legal tender for payment of public and private debts.

This Note is subject to the following additional provisions:

1. **Definitions**. For purposes of this Note, the following definitions shall apply:

"***Claims***" shall mean all threatened or actual legal claims, actions, suits, arbitrations, causes of action, or proceedings before any supranational, national, state, municipal, or local entity or any other Governmental Authority, whether located within or without the United States, relating to any of the Intellectual Property Rights of the Company or any of its Subsidiaries.

"***Closing Price***" shall mean, on any particular date, the closing price of the Common Stock as recorded by the principal Trading Market on which the Common Stock is then listed or quoted.

"***Common Stock***" shall mean the common stock, par value $0.001 per share, of the Company (or any capital stock issued in substitution or exchange for, or otherwise in respect of, such common stock).

"***Governmental Authority***" shall mean any federal, provincial, territorial, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state or locality of the United States, the United States, or a foreign government or any other political subdivision thereof, including central banks and supra national bodies.

"***Intellectual Property Rights***" shall mean all rights with respect to any and all of the following, as they exist anywhere in the world, registered or unregistered, and all worldwide common law and statutory rights in or arising out of: (i) trademarks, registered trademarks, applications for registration of trademarks, service marks, registered service marks, applications for registration of service marks, trade names, registered trade names and applications for registration of trade names, and including all intent to use any of the foregoing if not registered or subject to a pending application; (ii) Internet domain names, Internet Protocol addresses and social media identifiers; (iii) copyrights, copyright registrations and applications therefor and all copyrightable works, and all other rights corresponding thereto throughout the world however denominated, including all rights of authorship, use, publication, reproduction, distribution, performance, transformation, and rights of ownership of copyrightable works and all registrations thereof and rights to register and obtain renewals and extensions of such registrations, together with all other copyright-related interests accruing by reason of international treaties or conventions; (iv) trade secrets (including in any information that derives economic value (actual or potential) from not being generally known to other persons who can obtain economic value from its disclosure and any other "trade secrets" as defined in the Uniform Trade Secrets Act and under corresponding foreign statutory and common law) and rights in other proprietary or confidential information including rights to limit the use or disclosure thereof by any Person; (v) patented and patentable designs and inventions, all design, plant and utility patents, letters patent, utility models, pending patent applications and provisional applications in any country or region and all issuances, divisions, continuations, continuations-in-part, reissues, extensions, reexaminations and renewals of such patents and applications; and (vi) any other intellectual property rights of any kind or nature.

"***Net Litigation Proceeds***" shall mean (i) the full amount of any cash or sums recovered or received by the Company or any of its Subsidiaries from any Claim (whether pursuant to court order, at trial or upon appeal, or pursuant to the terms of any settlement agreement), less (ii) fees and expenses paid or to be paid to legal counsel to the Company or any of its Subsidiaries in connection therewith, and less (iii) amounts thereof paid or obligated to be paid to AC Midwest Energy LLC ("***AC Midwest***"), including any of its successors or assigns, pursuant to that certain Unsecured Note Financing Agreement dated as of February 25, 2019 by and among the Company, MES, Inc., and AC Midwest, as same may be amended, restated or modified from time to time.

"***Permitted Redemption Amount***" shall mean (i) an amount equal to two hundred percent (200%) of the original principal amount of this Note, plus (ii) all accrued and unpaid interest, if any, with respect to the aggregate outstanding principal amount of this Note, less (iii) any payments made pursuant to Section 4.

"***Person***" shall mean an individual, a corporation, a partnership, an association, a limited liability company, an unincorporated business organization, a trust or other entity or organization, and any government or political subdivision or any agency or instrumentality thereof.

"***Subsidiary***" shall mean any corporation or limited liability company or corporation of which at least fifty percent (50%) of the outstanding voting stock or membership interests, as the case may be, is at the time owned directly or indirectly by the Company or by one or more of such subsidiary corporations.

"***Trading Day***" shall mean a day on which the principal Trading Market is open for trading.

"***Trading Market***" shall mean any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTCQX Market, the OTCQB Market, or the OTC Pink Market, or any successors to any of the foregoing or such other principal stock market or exchange on which the Common Stock is then traded for the date in question.

2. Payment.

(a) Interest. Payment of interest on this Note, including any default interest, shall be made to the Holder on or before the close of business on the Interest Payment Date (or if the Interest Payment Date is not a Business Day, then the first Business Day after the Interest Payment Date) in the year of the relevant payment dates, and shall be deemed made when mailed to his address as last reported to the Company. Where required, calculations and respective interest on this Note will be made on the basis of a 360 day year consisting of 12 months, 30 days each and, in the case of an uncompleted month, the actual number of days elapsed. In the event that this Note is converted into Common Stock as provided in Section 3 hereof, interest will be paid up to but not including (i) the date of the Company's receipt of the Conversion Notice with respect to a voluntary conversion by the Holder provided in Section 3(a) hereof, or (ii) the Forced Conversion Date with respect to a Forced Conversion provided in Section 3(b) hereof.

(b) **Principal**. Payment of the full Outstanding Principal Amount of this Note shall be made on the Maturity Date (or if the Maturity Date is not a Business Day, then the first Business Day after the Maturity Date) to the Holder at his address as last reported to the Company and shall be deemed made when received.

3. **Conversion**.

(a) **Voluntary Conversion by Holder**. The Outstanding Principal Amount of this Note may be converted at any time and from time to time in whole or in part, at the option of the Holder, into shares of Common Stock. If this Note is called for redemption pursuant to the provisions of Section 4, the Holder may convert the Outstanding Principal Amount in whole or in part at any time before the close of business on the fifth (5^{th}) day prior to the redemption date. The initial conversion price shall be equal to $0.50 per share, subject to adjustment as provided elsewhere herein (the "***Conversion Price***"). To determine the number of shares of Common Stock issuable upon conversion of this Note, divide the Outstanding Principal Amount to be converted by the Conversion Price in effect on the conversion date. To convert this Note, the Holder must (1) complete and sign the conversion notice in the form of Exhibit 1 hereto (the "***Conversion Notice***"), (2) surrender this Note to the Company, (3) furnish appropriate endorsements and transfer documents if required by the Company, and (4) pay any transfer or similar tax if required. The Holder may convert a portion of this Note if the portion is $1,000 or an integral multiple of $1,000. Upon Conversion of this Note in full, the Company will have no further liability with respect to the payment of any Profit Share.

(b) **Forced Conversion of this Note at the Option of the Company**. If at any time the Closing Price of the Common Stock exceeds $1.50 per share (as adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction) for ten (10) consecutive Trading Days (the "***Forced Conversion Measuring Period***"), the Company shall have the right to convert (the "***Forced Conversion***") all of the Outstanding Principal Amount of this Note into shares of Common Stock at the Conversion Price then in effect. The Company may exercise its right to require conversion under this Section 3(b) by delivering within five (5) Trading Days following the end of such Forced Conversion Measuring Period a written notice thereof to all, but not less than all, of the holders of the then outstanding Notes (the "***Forced Conversion Notice***" and the date on which the Holders are given such notice is referred to as the "***Forced Conversion Notice Date***"). The Forced Conversion Notice shall be irrevocable. The Forced Conversion Notice shall state (i) the date on which the Forced Conversion shall occur which shall be no less than twenty (20) Trading Days and no more than thirty (30) Trading Days following the Forced Conversion Notice Date (the "***Forced Conversion Date***"), and (ii) the number of shares of Common Stock to be issued to such Holder on the Forced Conversion Date. Upon the Forced Conversion Date, the Holder shall automatically and without any act by the Company or the Holder be deemed to be the holder of the shares of Common Stock as set forth therein and, whether or not the Holder has surrendered this Note, the Holder shall cease to have any rights pursuant to this Note (except with respect to any accrued and unpaid interest to be paid in cash by the Company), but shall have all of the rights granted to it as a holder of shares of Common Stock. To receive a certificate representing the shares of Common

Stock, the Holder shall (1) surrender this Note to the Company, and (2) complete and sign the forced conversion statement in the form of **Exhibit 2** hereto. Upon the Forced Conversion Date, the Company will have no further liability with respect to the payment of any Profit Share.

(c) Adjustment for Interest. No adjustment or allowance should be made for interest on the principal amount of this Note surrendered for conversion, except that upon conversion interest accrued but unpaid on the amount surrendered for conversion shall be paid in cash.

(d) **Fractional Shares**. No fractional shares shall be issued upon conversion of this Note. In place of a fractional share, the Company shall pay the holder of this Note an amount in cash equal to the product of such fraction and the Conversion Price.

(e) **Adjustment for Stock Dividends and Stock Splits**. If the Company:

(i) pays a stock dividend or makes a distribution on its outstanding shares of Common Stock in shares of its Common Stock;

(ii) subdivides its outstanding shares of Common Stock into a greater number of shares; or

(iii) combines its outstanding shares of Common Stock into a smaller number of shares;

then the conversion privilege and the Conversion Price in effect immediately prior to such action shall be adjusted so that upon conversion the Holder may receive the number of shares of capital stock of the Company which the Holder would have owned immediately prior to such action. The adjustment shall become effective immediately after the record date in the case of a stock dividend or distribution and immediately after the effective date in the case of a subdivision or combination. If after an adjustment a Holder upon conversion may receive shares of two or more classes of capital stock of the Company, the Company shall determine the allocation of the adjusted Conversion Price between the classes of capital stock. After such allocation, the conversion privilege and the Conversion Price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this subsection.

(f) **Reorganization, Reclassification, Consolidation, Merger or Sale**. In the case of any reclassification, capital reorganization, consolidation, merger, sale of all or substantially all of the assets of the Company to another person or any other change in the Common Stock of the Company, other than as a result of a subdivision, combination, or stock dividend provided for in sub-clause (e) hereof (any of which, a "***Change Event***"), then lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, such that the Holder shall have the right at any time prior to the expiration of this Note to purchase, at a total price equal to that payable upon the exercise of this Note (subject to the adjustment of the Conversion Price as provided in this Section), the kind and amount of shares of stock or other securities and property receivable in connection with such Change Event by a holder of the same number of shares of Common Stock as were purchasable by the Holder immediately prior to such Change Event. Appropriate adjustments shall also be made to the Conversion Price, but the aggregate Conversion Price shall remain the same. Notwithstanding anything to the contrary contained herein, with respect to any Change Event, the Holder shall have the right to elect prior to the consummation of such event or transaction to give effect to the exercise its right to convert into Common Stock and receive the securities and other consideration issued to holder of Common Stock in the Change Event in lieu of giving effect to the provisions of this Section.

(g) **When Adjustment May be Deferred**. No adjustment in the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

(h) **Voluntary Reduction**. The Company from time to time may reduce the Conversion Price by any amount for any period of time if the period is at least 20 days and if the reduction is irrevocable during the period, provided, that in no event may the Conversion Price be less than the par value of a share of Common Stock.

(i) **Notice of Adjustment**. Whenever the Conversion Price is adjusted, the Company shall promptly mail to the Holder a notice of the adjustment.

4. **Profit Share; Redemption**.

(a) Profit Share. The Holder shall be entitled to a profit participation preference equal to 1.0 times the original principal amount of this Note (the "***Profit Share***"). The Profit Share is "non-recourse" and shall only be derived from and computed on the basis of, and paid from Net Litigation Proceeds. The Profit Share, if not paid in full on or before the Maturity Date, shall remain subject to the terms of this Note until full and final payment.

(b) Principal Redemption; Net Litigation Proceeds. Following the receipt by the Company of any Net Litigation Proceeds, the Company shall be required to pay the Outstanding Principal Amount of this Note and pay the Profit Share in an amount equal to one hundred percent (100%) of such Net Litigation Proceeds until the then Outstanding Principal Amount of this Note and Profit Share have been paid in full. In the event the Net Litigation Proceeds shall not be sufficient to pay the Outstanding Principal Amounts and Profit Share with respect to all of the outstanding 2019 Notes then such Net Litigation Proceeds shall be allocated on a pro rata basis among the holders of the 2019 Notes. As promptly as practicable, but in no event later than ten (10) days, following receipt of any Net Litigation Proceeds, the Company shall send written notice of its receipt of Net Litigation Proceeds to each Holder of the outstanding 2019 Notes at such Holder's address as last reported to the Company which notice shall state the amount of the Outstanding Principal Amount of this Note and Profit Share which will be paid from such Net Litigation Proceeds and the date of such payment which shall be no less than thirty (30) days following the date of such notice.

(c) **Permitted Redemption**. The Company may, at its option, elect to redeem this Note by paying the Holder and all other holders of the outstanding 2019 Notes the Permitted Redemption Amount. Notice of such election to redeem shall be provided no less than thirty (30) days before the redemption date to each Holder of 2019 Notes to be redeemed at such Holder's address as last reported to the Company. Upon payment of the Permitted Redemption Amount, the Company will have no further liability with respect to the payment of any Profit Share.

(d) **Application of Payments**. All amounts required to be paid pursuant to Section 4(b) shall be applied (i) first to accrued and unpaid interest, if any, with respect to the Outstanding Principal Amount of this Note, (ii) second to the aggregate outstanding principal balance of this Note until paid in full, (iii) and thereafter to the Profit Share until paid in full.

5. Events of Default. If one or more of the following events shall occur (each an "***Event of Default***"):

(a) the nonpayment of any Outstanding Principal Amount, interest or other payment under this Note when the same shall become due and payable;

(b) a final judgment or final judgments for the payment of money are entered by a court of competent jurisdiction against the Company or any Subsidiary which remains unpaid or unstayed and undischarged for a period (during which execution shall not be effectively stayed) or 30 days after the date on which the right to appeal has expired, provided, that, the aggregate of all such judgments exceeds $2,000,000;

(c) (i) the Company or any significant Subsidiary shall file a petition under any bankruptcy, insolvency or similar law, or make an assignment for the benefit of its creditors, or shall consent to or acquiesce in the appointment of a receiver for all or a substantial part of its property; or (ii) a petition under any bankruptcy, insolvency or similar law, or for the appointment of a receiver with respect to all or a substantial part of the Company's or any significant Subsidiary's property, shall be filed against the Company or any significant Subsidiary and remain undismissed for at least 60 days; or

(d) a dissolution of the Company;

then, and so long as such Event of Default is continuing for a period of five (5) calendar days in the case of non-payment under Section 5(a) and for a period of ten (10) calendar days in the case of events under other subsections of Section 5 (and the event which would constitute such Event of Default, if curable, has not been cured), by written notice to the Company: (i) the Outstanding Principal Amount of this Note, including accrued but unpaid interest, shall thereafter accrue and bear interest at the default rate of fifteen percent (15%) per annum; and (ii) all obligations of the Company under this Note shall be immediately due and payable (except the Profit Share unless such Event of Default is due to the non-payment of any Profit Share which has been earned by the Holder from Net Litigation Proceeds and which has not been paid by the Company), and the Holder may exercise any other remedies the Holder may have at law or in equity. The Profit Share, which is 'non-recourse" as described in Section 4(a), shall remain subject to the terms of this Note until full and final payment.

6. **Status of Holder**. The Company may treat the Original Holder of this Note as the absolute owner of this Note for the purpose of making payments of principal or interest and for all other purposes and shall not be affected by any notice to the contrary unless this Note is transferred in accordance with the terms hereof.

7. **Securities Act Restrictions**. This Note and the Common Stock issuable by the Company upon conversion hereof have not been registered for sale under the Securities Act of 1933, as amended (the "***Act***"), are deemed to be unregistered or restricted securities, and neither this Note, the Common Stock nor any interest in this Note or Common Stock may be sold, offered for sale, pledged or otherwise disposed of without compliance with applicable securities laws.

8. **Expenses**. The Company shall pay upon demand any and all reasonable expenses, incurred or paid by the Holder following the occurrence of an Event of Default in connection with collecting upon, or enforcing this Note, including, without limitation, the expenses and reasonable fees of legal counsel, court costs and the cost of appellate proceedings.

9. **No Waiver of Rights**. The Holder may, without notice, extend the time of payment of this Note, postpone the enforcement hereof or grant any other indulgence without affecting or diminishing the Holder's right of recourse against the Company, which right is hereby expressly reserved. The failure or delay by the Holder in exercising any of its rights hereunder in any instance shall not constitute a waiver thereof in that or any other instance. The Holder may not waive any of its rights except by an instrument in writing signed by the Holder.

10. **Transfer of Note**. Subject to the provisions of Section 7 hereof, this Note is intended to be a negotiable instrument and may be transferred to any person or entity by the (then) Holder hereof without the prior written consent of the Company or any other person or entity. In the event of any such transfer, upon due presentment for exchange of this Note, the Company will execute and deliver in exchange a new Note or Notes, mutatis mutandis, equal in aggregate principal amount to the then Outstanding Principal Amount. However, no such exchange shall be required to entitle a transferee to enjoy all of the rights and benefits of the Holder hereof. Each Note presented for exchange shall (if so required by the Company) be duly endorsed by, or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and duly executed by the Holder or its attorney duly authorized in writing.

11. **Notices**. All notices or other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made if and when (i) personally delivered, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable overnight courier service with charges prepaid, or (iv) transmitted by confirmed facsimile or other electronic delivery. Notices shall be sent to the Company at its principal place of business and to the Holder at the address set forth at the outset of this Note, or at such other address as the Holder may designate in a notice for that purpose.

12. **Payments Unconditional**. All payments under this Note shall be made without defense, set-off or counterclaim, free and clear of and without deduction for any taxes of any nature now or hereafter imposed.

13. **Waiver of Demand, Presentment, etc.** The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereunder, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder. The Company agrees that, in the event of an Event of Default, to reimburse the Holder for all reasonable costs and expenses (including reasonable legal fees of one counsel) incurred in connection with the enforcement and collection of this Note.

14. **Usury Laws**. Notwithstanding any other provisions of this Note, interest under this Note shall not exceed the maximum rate permitted by law; and if any amount is paid under this Note as interest in excess of such maximum rate, then the amount so paid will not constitute interest but will constitute a prepayment on account of the Outstanding Principal Amount. The Company will not assert, plead (as a defense or otherwise) or in any manner whatsoever claim (and will actively resist any attempt to compel it to assert, plead or claim) in any action, suit or proceeding that any interest rate under this Note violates present or future usury or other laws relating to the interest payable on any indebtedness hereunder and will not otherwise avail itself (and will actively resist any attempt to compel it to avail itself) of the benefits of any such laws.

15. **Unsecured Obligation**. This Note shall be an unsecured obligation of the Company, ranking *pari passu* with all other unsecured obligations of the Company.

16. **Headings**. The headings in this Note are solely for convenience of reference and shall not affect its interpretation.

17. **Assignment**. This Note is binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns. The Company shall not be permitted to assign its obligations hereunder without the prior written consent of the Holder.

18. **Entire Agreement**. Each of the parties hereby covenants that this Note is intended to and does contain and embody herein all of the understandings and agreements, both written and oral, of the parties hereby with respect to the subject matter of this Note, and that there exists no oral agreement or understanding, express or implied liability, whereby the absolute, final and unconditional character and nature of this Note shall be in any way invalidated, empowered or affected.

19. **No Impairment**. The Company will not, by amendment of its certificate of incorporation or through reorganization, consolidation, merger, dissolution, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Note, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Note against impairment.

20. **Laws of the State of Delaware**.

(a) This Note shall be deemed to be made in, governed by and interpreted under and construed in all respects in accordance with the laws of the State of Delaware, regardless of the place of domicile or residence of either party.

(b) For purposes of any proceeding involving this Note or any of the obligations of the Company, the Company hereby submits to the non-exclusive jurisdiction of the courts of the State of Delaware and of the United States having jurisdiction in the State of Delaware, and agrees not to raise and waives any objection to or defense based upon the venue of any such court or based upon forum non conveniens. The Company agrees not to bring any action or other proceeding with respect to this Note or with respect to any of its obligations hereunder in any other court unless such courts of the State of Delaware and of the United States determine that they do not have jurisdiction in the matter.

[signature page follows]

[COMPANY SIGNATURE PAGE TO
12.0% 2019-UNSECURED PROMISSORY NOTE]

IN WITNESS WHEREOF, the Company has caused this Note to be executed as of the date set forth above.

MIDWEST ENERGY EMISSIONS CORP.

By: ______________________________
Name:
Title:

EXHIBIT 1

CONVERSION NOTICE

The undersigned irrevocably exercises the option to convert U.S $_________________ principal amount of the 12.0% 2019-Unsecured Convertible Promissory Note (the "***Note***") of Midwest Energy Emissions Corp. (the "***Company***") registered in the name of the undersigned into common stock, par value $0.001 per share, of the Company in accordance with the terms of the Note and directs that the securities issuable upon conversion be issued and delivered to the undersigned.

Dated: ______________________

____
Print Name of Holder

____
Signature and title (if applicable)

____
Address

____

____
Soc. Sec. or Tax ID No.

EXHIBIT 2

FORCED CONVERSION STATEMENT

As a result of the forced conversion of the 12.0% 2019-Unsecured Convertible Promissory Note (the "***Note***") of Midwest Energy Emissions Corp. (the "***Company***") registered in the name of the undersigned into common stock, par value $0.001 per share, of the Company in accordance with the terms of the Note, the undersigned hereby directs that the securities issuable upon conversion be issued and delivered to the undersigned.

Dated:______________________

____
Print Name of Holder

____
Signature and title (if applicable)

____
Address

____

____
Soc. Sec. or Tax ID No.

EXHIBIT 31.1

CERTIFICATION

I, Richard MacPherson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Midwest Energy Emissions Corp.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2019

By: */s/ Richard MacPherson*
Richard MacPherson,
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Richard H. Gross, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Midwest Energy Emissions Corp.;

2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 14, 2019

By: */s/ Richard H. Gross*
Richard H. Gross,
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Midwest Energy Emissions Corp. (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2019

By: */s/ Richard MacPherson*
Richard MacPherson,
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Midwest Energy Emissions Corp. (the “Company”) on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission (the “Report”), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned’s knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 14, 2019

By: */s/ Richard H. Gross*
Richard H. Gross,
Chief Financial Officer
(Principal Financial Officer)