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 September 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 principal Executive 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 76,747,750 outstanding as of November 14, 2019.

MIDWEST ENERGY EMISSIONS CORP.

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PART I – FINANCIAL INFOMATION

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements," as defined in Section 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.

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ITEM 1 – FINANCIAL INFORMATION

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

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

	September 30, 2019 (Unaudited)	December 31, 2018
ASSETS		
Current assets		
Cash	$ 998,896	$ 584,877
Accounts receivable	1,431,066	1,642,126
Inventory	629,427	509,416
Prepaid expenses and other assets	256,413	136,628
Customer acquisition costs, net	-	34,467
Total current assets	3,315,802	2,907,514
Property and equipment, net	2,149,737	2,397,691
Right of use asset	1,201,285	-
Intellectual property, net	2,582,762	2,733,662
Total assets	$ 9,249,586	$ 8,038,867
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued expenses	$ 1,826,908	$ 1,858,326
Current portion of equipment notes payable	53,304	63,424
Current portion of operating lease liability	383,307	-
Accrued interest	94,957	96,902
Customer credits	167,000	167,000
Deferred compensation	409,623	555,877
Total current liabilities	2,935,099	2,741,529
Equipment notes payable, less current portion	54,675	104,226
Operating lease liability	901,450	-
Convertible notes payable, net of discount and issuance costs	3,261,901	1,760,570
Secured note payable	271,686	271,686
Unsecured note payable, net of discount and issuance costs	9,752,882	11,781,952
Total liabilities	17,177,693	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; 76,747,750 shares issued and outstanding as of September 30, 2019 76,246,113 shares issued and outstanding as of December 31, 2018	76,747	76,246
Additional paid-in capital	44,882,209	42,785,990
Accumulated deficit	(52,887,063)	(51,483,332)
Total stockholders' deficit	(7,928,107)	(8,621,096)
Total liabilities and stockholders' deficit	$ 9,249,586	$ 8,038,867

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

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

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended Sepbember 30, 2018
Revenues	$ 3,596,107	$ 4,209,091	$ 8,893,177	$ 8,781,754

Costs and expenses:				
Cost of sales	2,477,673	3,009,656	6,438,998	6,600,582
Selling, general and administrative expenses	1,186,280	1,364,312	5,116,487	4,855,442
Interest expense & letter of credit fees	782,695	471,086	2,075,761	1,529,670
(Gain)/Loss on debt restructuring	-	-	(3,412,204)	44,036
Total costs and expenses	4,446,648	4,845,054	10,219,042	13,029,730
Net loss	$ (850,541)	$ (635,963)	$ (1,325,865)	$ (4,247,976)
Net loss per common share - basic and diluted:	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.06)
Weighted average common shares outstanding	76,730,400	76,246,113	76,463,246	76,246,113

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

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MIDWEST ENERGY EMISSIONS CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(UNAUDITED)

	Nine Months Ended September 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

	Shares		Par Value		Additional Paid-in Capital		Accumulated (Deficit)		Total
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)
Stock issued upon cashless warrant exercise	37,120		37		(37)		-		-
Issuance of warrants, recorded as discount on convertible notes payable			-		136,320		-		136,320
Net loss	-		-		-		(850,541)		(850,541)
Balance - September 30, 2019	76,747,750	$	76,747	$	44,882,209	$	(52,887,063)	$	(7,928,107)

	Nine Months Ended September 30, 2018								
	Common Stock				Additional Paid-in		Accumulated		
	Shares		Par Value		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)
Issuance of stock options	-		-		53,346		-		53,346
Issuance of warrants, recorded as discount on convertible notes payable	-		-		28,900		-		28,900
Net loss	-		-		-		(635,964)		(635,964)
Balance - September 30, 2018	76,246,113	$	76,246	$	42,721,987	$	(50,914,629)	$	(8,116,396)

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

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

	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Cash flows from operating activities		
Net loss	$ (1,325,865)	$ (4,247,976)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	1,762,736	437,966
Amortization of discount of notes payable	1,585,686	523,871
Amortization of debt issuance costs	99,515	94,294
Amortizaton of right to use assets	283,551	-
Amortization of customer acquisition costs	34,467	103,400
Amortization of patent rights	150,900	150,900
Depreciation expense	247,954	346,562
Loss os debt exchange	-	44,036
Gain on debt restructuring	(3,412,204)	-
Change in assets and liabilities		
Decrease in accounts receivable	211,060	1,154,486
(Increase) decrease in inventory	(120,011)	191,251
(Increase) in prepaid expenses and other assets	(119,785)	(207,707)
(Decrease) Increase in accounts payable and accrued liabilities	(424,686)	807,868
(Decrease) in operating lease liability	(277,944)	-
(Decrease) in deferred revenue and customer credits	-	(517,060)
Net cash used in operating activities	(1,304,626)	(1,118,109)
Cash flows used in investing activities		
Purchase of property and equipment	-	(130,665)
Net cash used in investing activities	-	(130,665)
Cash flows from financing activities		
Payment of debt issuance costs	(46,683)	-
Payments of notes payable	(59,672)	(920,107)
Proceeds from the issuance of convertible promissory notes and related warrants	1,825,000	200,000
Net cash provided by (used in) financing activities	1,718,645	(720,107)
Net increase (decrease) in cash and cash equivalents	414,019	(1,968,881)
Cash and cash equivalents - beginning of period	584,877	2,418,427
Cash and cash equivalents - end of period	$ 998,896	$ 449,546
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 237,575	$ 1,044,193
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS		
Cumulative effect on accumulated deficit of lease accounting change	$ 77,866	$ -
Discount on convertible promissory notes payable	$ 333,984	$ -
Net adjustment for extension of lease	$ 145,267	$ -

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

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 September 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 nine months ended September 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 nine months ended September 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 September 30, 2019	Nine Months Ended September 30, 2019
Operatig lease cost	$ 109,710	$ 329,130
Short-term lease cost (1)	6,465	19,365
Total lease cost	$ 116,175	$ 348,495

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

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 September 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 September 30, 2019 and December 31, 2018 due to their short-term maturities.

The fair value of the promissory notes payable at September 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 September 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.

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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 September 30, 2019		
	Total	Level 1	Level 2	Level 3
Assets:				
Cash	998,896	998,896		
Total Assets	$ 998,896	$ 998,896	$ -	$ -
Liabilities				
Promissory notes	13,286,469	-	13,286,469	
Total Libilities	$ 13,286,469	$ -	$ 13,286,469	$ -

		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 September 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.

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Disaggregation of Revenue

The Company generated revenue for the three and nine months ended September 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 September 30, 2019 and December 31, 2018, respectively. Amortization expense for the three and nine months ended September 30, 2019 was $0 and $34,467, respectively and for the three and nine months ended September 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 nine months ended September 30, 2019 and 2018 basic and diluted earnings per share approximated each other. There were no dilutive potential common shares as of September 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.

	September 30 2019	**September 30 2018**
Stock Options	12,463,326	9,012,289
Warrants	3,915,378	5,823,322
Convertible debt	7,350,000	3,500,000
Total common stock equivalents excluded from diluted net loss per share	23,728,704	18,335,611

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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 September 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 nine months ended September 30, 2019 and 2018, 100% of the Company's revenue related to eight customers. At September 30, 2019 , 100% of the Company's accounts receivable related to seven customers.

For each of the nine months ended September 30, 2019 and 2018, 77% and 72% of the Company's purchases related to two suppliers, respectively. At September 30, 2019, 78% of the Company's accounts payable and accrued expenses related to two vendors. 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 approximately $999,000 in cash on its balance sheet at September 30, 2019. The Company had working capital of $381,000 and an accumulated deficit $52.9 million. Additionally, the Company had a net loss in the amount of $1.3 million and cash used by operating activities of $1.3 million for the nine months ended September 30, 2019, respectively.

The accompanying condensed consolidated financial statements as of September 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. From June 2019 through October 2019, the Company sold $2,600,000 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.

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Note 4 - Inventory

The Company held product supply inventory valued at $317,285 and $306,651, raw materials inventory valued at $190,971 and $87,730 and equipment and parts inventory valued at $121,171 and $113,035 as of September 30, 2019 and December 31, 2018, respectively.

Note 5 - Property and Equipment, Net

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

	September 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	(2,751,944)	(2,503,990)
Construction in process	1,807,707	1,807,707
Property and equipment, net	$ 2,149,737	$ 2,397,691

The Company uses the straight-line method of depreciation over 2 to 5 years. During the three months ended September 30, 2019 and 2018 depreciation expense was $84,918, and $119,799. During the nine months ended September 30, 2019 and 2018 depreciation expense was $247,954, and $347,766.

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.

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

		September 30 2019		December 31 2018
Patents	$	3,068,995	$	3,068,995
Less: Accumulated Amortization		(486,233)		(335,333)
License, Net	$	2,582,762	$	2,733,662

Amortization expense for each of the three months ended September 30, 2019 and 2018 was $50,300. Amortization expense for each of the nine months ended September 30, 2019 and 2018 was $150,900. Estimated annual amortization for each of the next five years is approximately $201,200.

Note 7 –Convertible Notes Payable

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

	September 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.	$ 1,825,000	$ -
Total convertible notes payable before discount	3,675,000	1,850,000
Less discounts and debt issuance costs	(413,099)	(89,430)
Convertible notes payable	3,261,901	1,760,570

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As of September 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	1,825,000
	$ 3,675,000

As of September 30, 2019, the remaining future amortization of discounts debt issuance costs are as follows:

Twelve months ended September 30,	Discounts
2019	$ 22,413
2020	90,387
2021	90,387
2022	90,387
2023	82,318
thereafter	37,207
	$ 413,099

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 nine months ended September 30, 2019 was $10,415 and $30,904, respectively. Interest expense for the three and nine months ended September 30, 2018 was $10,415 and $56,127, 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 September 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 $13,154,931 (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.

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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 $11,123,087 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 nine months ended September

30, 2019 was $628,286 and $1,466,000, respectively. As of September 30, 2019, the unamortized balance of the discount was $9,647,087.

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, 2019, the Company entered into a one year lease for office space in Grand Forks, North Dakota. Monthly rent is $590 a month through August 2020.

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

For the the twelve months ended December 31	
2019	$ 116,205
2020	446,710
2021	438,840
2022	333,960
2023	45,000
thereafter	11,250

Total	1,391,800
Less discount	(92,843)
Less short term leases	(14,365)
Total lease liabilities	1,284,757
Less current portion	(383,307)
Operating lease obligation, net of current portion	$ 901,450

The weighted average remaining lease term for operating leases is 2.0 years and the weighted average discount rate used in calculating the operating lease asset and liability is 5.0%. For the nine months ended September 30, 2019, payments on lease obligations were $345,345 and amortization on the right of use assets was $350,952.

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 nine months ended September 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	2.00	-
Grants	4,600,000	0.27	4.75	-
Expirations	(1,298,184)	-	-	-
September 30, 2019	12,463,326	0.55	4.26	-
Options exercisable at:				
September 30, 2019	12,463,326	0.55	4.26	-

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.

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.

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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 September 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	2,685,000	4.45	0.70	2,685,000	0.70
0.45	150,000	1.17	0.45	150,000	0.45
0.35	1,080,378*	1.39	0.35	1,080,378	0.35
$ 0.50 - $3.30	3,915,378	1.35		3,915,378	

Note * 205,000 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.

On August 12, 2019, the Company issued 37,210 shares of common stock upon the cashless exercise of warrants to purchase 167,039 shares of common stock for $0.35 per share based on a market value of $0.45 per share as determined under the terms of the warrant.

From June through September 2019, the Company issued unsecured convertible notes and five-year warrants to unaffiliated accredited investors totaling $1,875,000. 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 1,875,000 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 $333,984 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

On October 23, 2019, the Company issued an unsecured convertible note and five-year warrants to an unaffiliated accredited investor totaling $775,000. The note is convertible into shares of common stock, with the initial conversion ratio equal to $0.50 per share. The investor received warrants to purchase a total of 775,000 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.

On October 23, 2019, and pursuant to an advisory agreement executed on that date for a term of one year with an unaffiliated third party, the Company granted such unaffiliated third party a vested three-year warrant to purchase 1,000,000 shares of common stock with an exercise price of $0.50 per share, exercisable on a cash basis only. Such warrants were issued as and for the entire compensation to paid to the advisor for all services to be rendered during the term.

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.

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. A draft final rule, which we understand to be similar to the proposal, was sent to the Office of Management and Budget for inter-agency review pursuant to Executive Order 12,866 on October 4, 2019. Because draft final rules can change as a result of the inter-agency review process, 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.

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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.

- From June through October 2019, we raised $2,600,000 in a private placement offering of 12.0% unsecured convertible promissory notes and warrants sold and issued to certain accredited investors.

- 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.

- In October 2019, we entered into a license and development agreement with an unaffiliated entity pursuant to which the parties will work together to develop a plan to commercialize and market certain technology owned by such unaffiliated entity related to the removal of mercury from air and water emissions generated by coal burning power plants.

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

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Results of Operations

Revenues

Sales - We generated revenues of approximately $3,596,000 and $4,209,000 for the three months ended September 30, 2019 and 2018, respectively and $8,893,000 and $8,782,000 for the nine months ended September 30, 2019 and 2018, respectively. Total sorbent product sales for the three months ended September 30, 2019 and 2018 were $3,486,000 and $4,114,000, respectively and $8,563,000 and $8,615,000 for the nine months ended September 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 September 30, 2019 and 2018 were $110,000 and $95,000 respectively and $330,000 and $166,000 for the nine months ended September 30, 2019 and 2018.

Costs and Expenses

Costs and expenses were $4,447,000 and $4,845,000 during the three months ended September 30, 2019 and 2018, respectively and $10,219,000 and $13,030,000 for the nine months ended September 30, 2019 and 2018. The decrease in costs and expenses from the prior year to date is primarily attributable to a gain on debt restructuring recognized in the 1st quarter. The decrease in costs and expenses for the three months ended September 30, 2019 as compared to September 30, 2018 is primarily due to a decrease in cost of sales.

Costs of sales were $2,478,000 and $3,010,000 for the three months ended September 30, 2019 and 2018, respectively and $6,439,000 and $6,601,000 for the nine months ended September 30, 2019 and 2018. The three months ended and the year to date decrease in cost is primarily attributable to a decrease in salaries and wages and cost of goods sold.

Selling, general and administrative expenses were $1,186,000 and $1,364,000 for the three months ended September 30, 2019 and 2018, respectively and $5,116,000 and $4,855,000 for the nine months ended September 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 $438,000 in the year to date of 2018. This increase was offset by decreases in salaries, sales commissions and benefits in 2019 compared to 2018. The decrease in selling, general and administrative expenses for three months ended September 30, 2019 as compared to September 30, 2018 is primarily due to decreases in salaries, sales commissions and benefits.

Interest expense related to the financing of capital was $783,000 and $471,000 for the three months ended September 30, 2019 and 2018, respectively and $2,076,000 and $1,501,000 for the nine months ended September 30, 2019 and 2018. The breakdown of interest expense for the three and nine months ended September 2019 and 2018 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(In thousands)		(In thousands)	
Interest expense on notes payable	$ 107	$ 300	$ 390	$ 870
Amortization of discount of notes payable	647	153	1,586	537
Amortization of debt issuance costs	29	18	100	94
	$ 783	$ 471	$ 2,076	$ 1,501

Net Income (Loss)

For the three months ended September 30, 2019 and 2018 we had a net loss of approximately $851,000 and $636,000. For the nine months ended September 30, 2019 and 2018 we had a net loss of approximately $1,326,000 and $4,248,000. The change in net loss for the nine months ended September 30, 2019 is primarily due to the gain on debt restructuring recognized during the 1st quarter of 2019. The increase in net loss for the three months ended September 30, 2019 as compared to September 30, 2018 is primarily due to the decrease in sales and also an increase in interest expense.

Liquidity and Capital Resources

The Company had $999,000 in cash on its balance sheet at September 30, 2019. The Company had working capital of $381,000 and an accumulated deficit $52.9 million. Additionally, the Company had a net loss in the amount of $1,326,000 and cash used by operating activities of $1,305,000 for the nine months ended September 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. From June through September 2019, the Company sold $1,825,000 new convertible notes which mature in 2024 to investors. An additional $775,000 of such new convertible notes were sold in October 2019. 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 $9,250,000 at September 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 $17,178,000 at September 30, 2019 versus $16,660,000 at December 31, 2018. The increase in liabilities is primarily due to an increase in convertible notes payable and operating lease liabilities offset by a decrease in unsecured notes payable, net of discount and issuance costs.

Operating activities used $1,305,000 and $1,118,000 of cash during the nine months ended September 30, 2019 and 2018, respectively. The increase 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 $131,000 during the nine months ended September 30, 2019 and 2018, respectively. The Company has not made any property and equipment purchases during 2019.

Financing activities provided $1,719,000 during the nine months ended September 30, 2019 and used $720,000 during the nine months ended September 30, 2019 and 2018, respectively. In 2019, the Company raised $1,825,000 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.

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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 nine months ended September 30, 2019 and 2018, respectively:

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
	(In thousands)		**(In thousands)**	
Net loss	$ (851)	$ (636)	$ (1,326)	$ (4,248)
Non-GAAP adjustments:				
Depreciation and amortization	230	205	717	602
Interest and letter of credit fees	783	471	2,076	1,530
Income taxes	-	4	-	12
Stock based compensation	-	53	1,763	438
(Gain)/Loss on debt exchange	-	-	(3,412)	44

Adjusted EBITDA	$ 162	$ 97	$ (182)	$ (1,622)

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

Reference is hereby made to the Quarterly Report on Form 10-Q for the period ended June 30, 2019 for information on patent litigation initiated by us on July 17, 2019 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. 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

On August 12, 2019, we issued 37,210 shares of common stock upon the cashless exercise of warrants to purchase 167,039 shares of common stock for $0.35 per share based on a market value of $0.45 per share as determined under the terms of the warrant.

The foregoing securities were issued in reliance upon the exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and /or Rule 506 thereunder, and where applicable, under Section 3(a)(9) under the Securities Act of 1933, as amended.

ITEM 3 – DEFAULT UPON SENIOR SECURITIES

Not applicable.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 – OTHER INFORMATION

None

ITEM – 6 EXHIBITS

Exhibit Number	Description
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 September 30, 2019 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Unaudited Balance Sheets, (ii) the Condensed Consolidated Unaudited Statements of Operations, (iii) the Condensed Consolidated Unaudited Statements of Stockholders' Deficit, (iv) the Condensed Consolidated Unaudited Statements of Cash Flows, and (v) Notes to Condensed Consolidated Unaudited Financial Statements

* Filed herewith.

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SIGNATURES

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

MIDWEST ENERGY EMISSIONS CORP.

Dated: November 14, 2019

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

Dated: November 14, 2019

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

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: November 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: November 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 September 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: November 14, 2019

By: */s/ Richard MacPherson*
Richard MacPherson,
President and Chief Executive Officerv
(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 September 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: November 14, 2019

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