UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended: **December 31, 2023**

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.)

1810 Jester Drive, Corsicana, Texas 75109
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(614) 505-6115**

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐No ☒

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 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	☐	Non-accelerated Filer	☒
Accelerated filer	☐	Smaller reporting issuer	☒
		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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $18,425,000.

The number of shares outstanding of the Common Stock ($.001 par value) of the Registrant as of the close of business on April 16, 2024 was 94,369,392.

DOCUMENTS INCORPORATED BY REFERENCE: None.

MIDWEST ENERGY EMISSIONS CORP.
TABLE OF CONTENTS

CERTAIN DEFINED TERMS

As used in this document, unless the context otherwise requires, references to:

"BAC" means brominated powdered activated carbon.

"EGUs" means electric generating units.

"EPA" means the U.S. Environmental Protection Agency.

"ESP" means electro-static precipitators.

"Hg" means mercury.

"MATS" means Mercury and Air Toxics Standards.

"Midwest Energy Emissions Corp.," "ME2C Environmental," the "Company," "we," "us," and "our" means Midwest Energy Emissions Corp. and its wholly owned, consolidated subsidiary, or either or both of them, as the context may require;

"MW" means megawatts.

"NOX" means oxides of nitrogen.

"PAC" means powdered activated carbon.

"REEs" means rare earth elements.

"SCR" means selective catalytic reduction.

"SEA" means the Company's proprietary sorbent enhancing additive.

"SOX" means oxides of sulfur.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such risks include, without limitation, the following:

- the loss of major customers;
- dependence on availability and retention of key suppliers;
- changes, or lack of changes, in environmental regulations;
- risks related to advancements in technologies;
- lack of diversification in the Company's business;
- risks related to intellectual property, including the ability to protect intellectual property and the success of any patent litigation;
- competition risks;
- changes in demand for coal as a fuel source for electricity production;

- ability to retain key personnel;
- absence of a liquid public market for our common stock;
- share price volatility;
- the potential that dividends may never be declared; and
- other factors discussed in this report under the caption "*Risk Factors*".

Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this report, and particularly our forward-looking statements, by these cautionary statements.

Except to the extent required by applicable laws or rules, we undertake no obligation to publicly update or revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise.

PART I

Item 1. Business.

General

We are an environmental services and technologies company developing and delivering patented and proprietary solutions to the global power industry, specializing in mercury emissions removal technologies.

Products and Services

We provide mercury capture solutions driven by our patented two-part Sorbent Enhancement Additive (SEA®) process using a powerful combination of science and engineering. Our leading-edge services have been shown to achieve mercury emissions removal at a significantly lower cost and with less operational impact to coal-fired power plants than other used methods, while maintaining and/or increasing power plant output and preserving the marketability of byproducts for beneficial use. We design systems and materials tailored and formulated specifically to each customer's coal-fired units. Our mercury removal technologies and systems will achieve mercury removal levels which meet or exceed the 2012 Coal- and Oil-Fired Electric Utility Steam Generating Units National Emission Standards for Hazardous Air Pollutants, as revised, known as the MATS, requirements with lower cost and plant systems impacts than typical PAC or BAC sorbent injection systems. Our products have been shown to be successful across a myriad of fuel and system types, tunable to any configuration, and environmentally friendly, allowing for the recycling of fly ash for beneficial use.

Our SEA® technology provides total mercury control with solutions that are based on a thorough scientific understanding of actual and probable interactions involved in mercury capture in coal-fired flue gas. A complete understanding of the complexity of mercury-sorbent-flue gas interactions and chemisorption mechanisms allows for optimal control strategy and product formulation, resulting in effective mercury capture. Combined with a thorough proprietary audit of the plant and its configuration and instrumentation, we believe our complete science and engineering approach for mercury-sorbent-flue gas interactions are well-understood, highly predictive, and critical to delivering total mercury control.

The SEA® approach to mercury capture is specifically tailored for each application to match a customer's coal type and boiler configuration for optimal results. Our two-pronged solution consists of a front-end additive(s) put on the coal or directly into the boiler in minimal amounts combined with a back-end sorbent injection solution to ensure maximum mercury capture. We believe our two-part process uses fewer raw materials than other mercury capture systems and causes less disruption to plant operations. We believe our additives and sorbents, which are designed to meet or exceed the mercury mitigation requirements of our customers, offer superior performance and the lowest possible feed rates when compared to other solutions on the market. Our processes also preserve fly ash which can be sold and recycled for beneficial use.

In order to evaluate each customer's needs, we finely tune the combustion chemistry using our technologies and specially formulated products. In order to achieve optimal results, we bring mercury emission analytics to the field for our demonstrations as opposed to collecting samples for laboratory analysis while our team analyzes the entire plant's performance once compliance testing has begun. As a result, we are able to offer customers:

- Assessment of existing systems and suggested improvements;
- Assessment and guidance of mercury capture and emissions;
- Optimal design of the injection strategy and appropriate equipment layout and installation;
- Sorbent optimization using flow modeling for a customized, low-cost plan for each unit;
- Emission testing for mercury and other trace metals with our mobile laboratory; and
- Ongoing research toward improved technology for mercury capture and rapid-response scientific support for emission or combustion issues as operations and regulations change.

We are in the process of developing and testing other business opportunities which include the extracting and processing of rare earth elements (REEs) in North America, remediation technologies for wastewater and coal ash from coal-fired power plants, as well as drinking water treatment technologies. See "*Description of the Business - Additional Business Opportunities"* below.

Patents and Trademarks

Our SEA® technology was originally developed by the University of North Dakota's Energy and Environmental Research Center. It was tested and refined on numerous operating coal-fired EGUs, with the founder of our wholly owned subsidiary participating with the Energy and Environmental Research Center on these tests since 2008. The Energy and Environmental Research Center Foundation, a non-profit entity, obtained patents on this technology. Between 2009 and 2017, we maintained an exclusive worldwide license with respect to this patented technology, which applied to various domestic and foreign patents and patent applications. Such formed the basis of our mercury control technology. On April 24, 2017, we acquired from The Energy and Environmental Research Center Foundation all such patent rights, including all patents and patents pending, domestic and foreign, relating to the foregoing technology.

We have a patent portfolio consisting of 36 active patents throughout the U.S., Canada, Europe, and China and 2 patents pending applications. We believe that our patent position is strong in the U.S., Canada and Europe.

Industry Background

The market for mercury removal from power plant emissions have largely been driven by federal regulations.

On December 21, 2011, the EPA announced MATS for power plants in the U.S. The MATS rule is intended to reduce air emissions of heavy metals, including mercury ("Hg"), from all major U.S. power plants burning coal or oil, which are the leading source of non-natural mercury emissions in the U.S. Existing power plants were granted three years (plus a potential one-year extension in cases of hardship, ruled on by state EPAs where the plant is domiciled) from April 16, 2012 to comply with the new emission limits. The MATS rule applies to EGUs that are larger than 25 MW that burn coal or oil for the purpose of generating electricity for sale and distribution through the national electric grid to the public, and includes investor-owned units, as well as units owned by the federal government, municipalities, and cooperatives that provide electricity for commercial, industrial, and residential uses. At the time of MATS being promulgated, there were approximately 1,250 coal-fired EGUs affected by this rule. Many EGUs have since shut down as a result of regulation and competitive disadvantages to newer or gas-fired EGUs and renewable energy sources (e.g. wind, solar). We believe that at the end of 2023, there are approximately 210 coal-fired EGUs remaining in the power market which make up the large mercury-emissions control market into which we sell.

The final MATS rule identifies two subcategories of coal-fired EGUs, four subcategories of oil-fired EGUs, and a subcategory for units that combust gasified coal or solid oil (integrated gasification combine cycle or "IGCC" units) based on the design, utilization, and/or location of the various types of boilers at different power stations. The rule includes emission standards and/or other requirements for each subcategory. The rule set nationwide emission limits estimated to reduce mercury emissions in coal-fired plants by about 90%.

In addition to the U.S. federal MATS rule, more than 20 states currently have regulations that limit mercury emissions and are similar to or more restrictive than the MATS rule. There are several choices of pollution control technologies available to reduce mercury emissions, but they do not all work consistently or cost-effectively for every plant design or for all of the various types of coal. The most common technology employed to reduce mercury emissions is a sorbent injection system which provides for the injection of PAC or BAC into the flue-gas of an EGU after the boiler itself but in front of the ESP. Such injections have proven effective with many coals, especially at reduction levels of 70% or less. At required mercury reduction levels above 80%, these injection systems require substantial injection rates which often have severe operational issues including over-loading the ESP and rendering the fly ash unfit for sale to concrete companies, and at times even causing combustion concerns with the fly ash itself.

Mercury is also removed as a co-benefit by special pollution control equipment installed to remove SOX and NOX. To achieve very high levels of SOX reduction, large, complex, and expensive (with capital costs in the hundreds of millions of dollars for a medium-sized EGU) systems called scrubbers can be installed in the plant exhaust system, typically just before the flue-gas goes up the stack for release. As a co-benefit to their primary mission, scrubbers have been shown to remove significant quantities of oxidized mercury. Mercury is typically found in two basic forms in coal: elemental and oxidized. The amount of each form varies in any given seam of coal and is affected by the other natural elements (such as chlorine) which might also be present in the coal. We believe that about 30-40% of the mercury in the post-combustion flue-gas exists in the oxidized state for power plants burning low-rank coal and about 60-70% for power plants burning high-rank coals. Mercury is found in only trace amounts in coal making it difficult to remove from coal or from the flue-gas when combusted with the coal. It is in the burning of millions of tons of coal that these trace amounts become problematic and is why MATS was promulgated.

The other major pollution control system which contributes significantly to the co-benefits of mercury removal is an SCR system which can be installed to achieve high levels of removal of NOX. SCRs are also very large and expensive systems (costing hundreds of millions of dollars in capital costs to install on a medium-size EGU) that are typically installed just after the flue-gas exits from the unit boiler. As a co-benefit, SCRs have been shown to oxidize a considerable percentage of the elemental mercury in many types of coal. If the EGU then has a combination of an SCR and a scrubber, we estimate that the EGU might achieve an over-all reduction of 80-85% of the mercury in power plants that burn high-rank coals. The exact level of mercury emission reductions depends on the designs of these systems, the types of coal being burned and the operations of the power plant.

We believe that the large majority of the coal-fired EGUs in the U.S. employ some sort of sorbent injection system to achieve the very low mercury emission levels required by the MATS rule, with either the sorbent injection system as the primary removal method or such a system being employed as a supplemental system to SCR/scrubber combinations to achieve the emission limits.

Growth Strategy for Mercury Emissions

North American Markets for Our Mercury Technologies

North America is currently the largest market for our emissions technologies.

In the U.S. market, our success depends, in part, on the success of demonstrations performed with utility customers and the resulting contract awards to meet the MATS requirements in the long-term period and its operational performance with EGUs under contract.

In Canada, there are the 2000 Canada-wide Standards for Mercury Emissions and the 2006 Canada-wide Standards for Mercury Emissions from Coal-Fired Electric Power Generation Plants among all the provinces which was initially implemented in 2010, with caps in mercury emissions for each of the provinces. We believe that we have the most effective technology for the EGUs and that we maintain a strong patent position for our mercury emissions technologies in Canada.

In 2010, we were awarded our first commercial contract to design, build, and install our solution on two large (670MW each) coal units in the western part of the U.S. This was a multimillion-dollar, three year renewable contract, which was awarded as a result of a competitive demonstration process. We invested more than $1.4 million in the capital equipment for this project. Our systems out-performed the contract guarantees in all operational areas during startup and testing and went into commercial operation at the start of 2012. The system has successfully kept the plant in compliance since 2012.

At the present time, there are 16 EGUs in the U.S. that currently use our SEA technologies and buy product from us.

Patent Enforcement

We believe that a significant percentage of coal-fired power plants in the United States have adopted and are infringing upon our two-part Sorbent Enhancement Additive (SEA®) process for mercury removal from coal-fired power plants.

Beginning in 2019, we began to actively enforce our patent rights against unauthorized use of our patented technologies. We initiated patent litigation in July 2019 against four major owners and/or operators of coal-fired power plants in the United States and certain of their affiliates, along with certain other third parties in which we have claimed infringement of its patents related to its two-part process for mercury removal from coal-fired power plants. See Part I, Item 3. “Legal Proceedings”.

We are in the process of pursuing various other infringers and have communicated our position to a significant number of them, which process is ongoing. Although additional litigation may be necessary to enforce our intellectual property rights, we view this as a last resort. Our goal and overall strategy is to convert infringers to our supply chain of sorbent products for mercury removal, or otherwise license our patents to them on a non-exclusive basis in connection with their respective coal-fired power plants.

Other Possible Markets for Our Emissions Technologies

In May 2017, the European Union and seven of its member states ratified the Minamata Convention on Mercury. The Minamata Convention on Mercury is a global treaty to protect human health and the environment from the adverse effects of mercury. This Convention was a result of three years of meeting and negotiating, after which the text of the Convention was approved by delegates representing approximately 140 countries in January 2013 in Geneva. As of September 2020, 123 countries have joined the Convention. It is expected that over the next few decades, this international agreement will enhance the reduction of mercury pollution from the targeted activities responsible for the major release of mercury to the environment. Specific emissions limits are being developed by the European Union, although the timing of any enactment of such is uncertain. Any such regulations may lead to additional business opportunities for our mercury control technologies within the European Union although there are no such prospects at the present time.

With regard to business opportunities in China and other Asian countries, there currently exists no specific mandate for mercury capture that requires specific control technology. Nevertheless, we are optimistic of the prospects for mercury emissions regulations in China and Southeast Asia in the coming years.

Sales and Marketing

Our marketing strategy is designed to grow our mercury capture solutions in the North American region by building and maintaining the reputation and trust of our work among its customers – specifically by carrying out successful demonstrations performed with utility customers and the resulting contract awards to meet the MATS requirements in the long-term period and sustaining our operational performance with EGUs under contract – and developing new, and refining our existing, unique emissions technologies. We believe that by offering proven and innovative service offerings, we can attract more customers and partners to our services, creating a network growth effect. We expect that the continuing pursuit of infringers of our patented technologies will yield further licensing and supply agreements.

We believe that these targeted marketing initiatives are the most efficient and cost-effective strategy to sustain the growth of both new and existing customers.

Additional Business Opportunities

We are in the process of developing and testing other business opportunities which include the extracting and processing of rare earth elements (REEs) in North America, remediation technologies for wastewater and coal ash from coal-fired power plants, as well as drinking water treatment technologies. We believe the market for water treatment is large and significantly growing both in the United States and abroad. This expansion in water treatment and wastewater remediation will allow us to support the growing needs of the energy sector, as well as provide vital technologies for considerable environmental concerns. There can be no assurance that we will be successful in the development of these technologies.

We also maintain a license with respect to certain intellectual property owned by Dakin Holdings Ltd. consisting of a proprietary compound of materials engineered to treat a boiler to improve the combustion process and thereby reduce overall emissions, while improving boiler efficiency during the combustion of all types of fuels at power plants (the “Dakin IP”). We believe the Dakin IP can be an effective supplement to our core business of mercury emissions removal at coal-fired power plants and provide an additional revenue stream utilizing our present infrastructure. However, there can be no assurance that such license will lead to any significant revenues. For additional information, see Part III, Item 13. “Certain Relationships and Related Transactions, and Director Independence”.

Competition

Our major competitors in the U.S. and Canada include companies such as Arq, Inc. (formerly Advanced Emissions Solutions, Inc.), Norit Activated Carbon, Calgon Carbon Corporation, and Nalco Company. Some of these companies employ large sales staff and are well positioned in the market. However, in most head-to-head tests with competitor products, our SEA technology has consistently performed better in mercury removal, at lower projected costs. We believe that our SEA technology is superior to offerings of our competitors and, with its highly experienced staff, we have shown that we can compete effectively in these markets.

Raw Materials

We buy all the raw materials needed to implement our technologies and provide uniquely formulated products for effective mercury removal from third-party suppliers. Suppliers of our raw materials include large companies that have provided materials for decades and have an international presence. When we use PAC as one component of our sorbent material, we buy it in the market from large activated carbon manufacturers. We believe that we have excellent relationships with our current suppliers. If any of our suppliers should become unavailable to us for any reason, there are a number of other suppliers that we believe can be contracted with to supply the raw materials that we need. However, the availability and price of those raw materials can be impacted by factors beyond our control including any price increases due to inflation. If such suppliers cannot meet our demand for such raw materials on a timely basis or at acceptable prices or if we are unable to offset any such increases that might occur with price adjustments to our customers, such could have a negative effect on our operations.

Seasonality

Our products and services are connected to the power market. This market has changed over recent years, creating a greater proportional residential load demand. With this shift in demand and load, we have experienced some seasonal changes in billing cycles as our current customer concentration is in the Southwestern United States, where many of our customers decrease capacity in such winter months. The price and availability of natural gas can also influence the amount of generation provided by coal-fired plants.

Employees

We currently have 9 full-time and 2 part-time employees. Our employees are not represented by labor unions. We believe that relations with our employees are good.

Corporate Information

We were originally incorporated on July 19, 1983 in the State of Utah and subsequently domesticated as a Delaware corporation in February 2007. We changed our name to Midwest Energy Emissions Corp. effective on October 7, 2011. ME2C Environmental is a trade name of Midwest Energy Emissions Corp.

Our wholly owned subsidiary, MES, Inc., was originally incorporated in December 2008 in the State of North Dakota.

Effective on June 21, 2011, we completed a merger transaction (the "Merger") whereby MES, Inc. (then called Midwest Energy Emissions Corp.) became our wholly owned subsidiary. As a result of the Merger, our business began to focus on the delivery of mercury capture technologies to power plants in North America, Europe, and Asia.

Our principal place of business is located at 1810 Jester Drive, Corsicana, Texas 75109, which location we have maintained for manufacturing and distribution of our products since 2015. As of December 2019, we relocated our corporate headquarters to such address which corporate headquarters prior thereto were maintained in Lewis Center, Ohio. Our telephone number is (614) 505-6115. Our corporate website address is http://www.me2cenvironmental.com.

Available Information

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. Our SEC filings are also available on our website atwww.me2cenvironmental.com. Information on or connected to our website is neither part of, nor incorporated by reference into, this Form 10-K or any other report filed with or furnished to the SEC.

We are a "smaller reporting company" as defined in the Exchange Act. We may take advantage of certain of the scaled disclosures available to smaller reporting companies until the fiscal year following the determination that the aggregate market price of our voting and non-voting common stock held by non-affiliates is more than $250 million measured on the last business day of our second fiscal quarter, or our annual revenues are less than $100 million during the most recently completed fiscal year and the aggregate market price of our voting and non-voting common stock held by non-affiliates is more than $700 million measured on the last business day of our second fiscal quarter.

Item 1A. Risk Factors.

In your evaluation of the Company and our business, you should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this report and the other documents we file with the SEC. The following factors describe the risks and uncertainties that we consider significant to the operation of our business but should not be considered a complete listing of all potential risks and uncertainties that could adversely affect our operating results, financial position or liquidity. Additionally, our business is subject to the same general risks and uncertainties that affect many other companies, such as but not limited to the overall economic conditions, changes in laws or accounting rules, fluctuations in interest and exchange rates or other disruptions of expected economic and business conditions.

Risks Related to Our Company

Demand for our services and products is largely driven by coal consumption by North American electricity power generating plants. Any significant changes that diminish the use of coal as a primary fuel source for electricity production may adversely affect our business.

North American coal-fired electricity generating units comprise the basis of the market for our services and products. Regulations mandating or incentivizing the purchase of power from renewable energy sources (e.g., wind, solar, hydroelectric, geothermal) and/or the phasing out of coal-fired power plants could lessen the demand for electricity from such plants and overall reduce the number of coal-fired electricity generating units and the amount of coal burned, thereby decreasing the demand for our services and products which could adversely affect our business. The phasing out of coal-fired plants has already had a negative effect on our results of operations. Continued promulgation of these regulations in North America is affected by, among other things, politics, perceived environmental impact, and public favor.

The risks associated with technological change may make our products and services less marketable.

The market into which we sell our products and services is characterized by periodic technological change as well as evolving industry standards and regulations. The nature of such market will require that we continually improve and/or modify the performance, features, and reliability of our products and services, particularly in response to possible competitive offerings. Unless we are able to enhance, improve, and/or modify existing products in a timely manner or to develop and introduce new products that incorporate new technologies or conform with evolving industry standards and regulations, our products and services may be rendered less marketable.

Our industry is highly competitive. If we are unable to compete effectively with competitors having greater resources than we do, our financial results could be adversely affected.

Our major competitors in the U.S. and Canada include companies such as Arq, Inc. (formerly Advanced Emissions Solutions, Inc.), Norit Activated Carbon, Calgon Carbon Corporation, and Nalco Company. These companies employ large sales staff and are well positioned in the market. Our ability to compete successfully depends in part upon our ability to offer superior technology, including a superior team of sales and technical staff. If we are unable to maintain our competitive position, we could lose market share to our competitors which is likely to adversely impact our financial results.

We may not be able to successfully protect our intellectual property rights.

We own a number of significant patents and patents pending covering the U.S., Canada, Europe, and China for our technology. Certain critical technology related to our systems and products is protected by trade secret laws and confidentiality and licensing agreements. There can be no assurance that outstanding patents will not be challenged or circumvented by competitors, or that such other protection provided by trade secret laws and confidentiality and licensing agreements will prove adequate. We cannot assure you that we will have adequate remedies against contractual counterparties for disclosure of our trade secrets or violation of ME2C's intellectual property rights. As a result, we may not be able to successfully defend our patents or protect proprietary aspects of our technology.

We may not be successful in patent litigation.

Patent litigation, like most types of commercial litigation, can be expensive, time-consuming, and unpredictable. Any such litigation may require us to spend a substantial amount of time and money and could distract management from our day-to-day operations. There is no assurance that we will be successful in any such litigation. Moreover, in an infringement proceeding, a court may decide that one or more of our patents are not valid or enforceable, or a court may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation could put one or more of our patents at risk of being invalidated, held unenforceable, or interpreted narrowly and could put our patent applications at risk of not issuing.

In July 2019, we initiated patent litigation against various 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. Between July 2020 and January 2021, we entered into agreements with each of the four major utility defendants in this litigation, and in November 2023, we settled such matter with two other major groups in the litigation. In addition, following a five-day trial, on March 1, 2024, a federal jury in the U.S. District Court for the District of Delaware awarded a $57.1 million patent infringement verdict in favor of the Company against the remaining group of defendants. Nevertheless, the ultimate success in this litigation against the remaining group of defendants still remains uncertain due to other possible factors including, but not limited to, the results of any post-trial motions and applications, appeals and any collectability issues.

We depend on third-party suppliers for materials needed to implement our emissions technologies; availability of raw materials and volatility in price could impact our results of operations.

We buy all the raw materials needed to implement our technologies and provide uniquely formulated products for effective mercury removal from third-party suppliers. Suppliers of our raw materials include large companies that have provided materials for decades and have an international presence. When we use PAC as one component of our sorbent material, we buy it in the market from large activated carbon manufacturers. We believe that we have excellent relationships with our current suppliers. If any of our suppliers should become unavailable to us for any reason, there are a number of other suppliers that we believe can be contracted with to supply the raw materials that we need. However, the availability and price of those raw materials can be impacted by factors beyond our control including any price increases due to inflation. If such suppliers cannot meet our demand for such raw materials on a timely basis or at acceptable prices or if we are unable to offset any such increases that might occur with price adjustments to our customers, such could have a negative effect on our operations.

We are dependent on key customers. A significant adverse change in such relationships could adversely impact our results of operations and financial condition.

Our customers are concentrated, so the loss of one or more key customers or a material reduction in business performed for them could cause us to experience a decline in net sales, which could adversely affect our financial results. In addition, there can be no assurance that such customers will not experience financial difficulties or other problems which could delay such customers in paying for product and services on a timely basis or at all. Any problems with such customers can be expected to have an adverse impact on our results of operations and financial condition.

We rely on a small number of key employees. The loss of more than one of these employees could disrupt our operations and future growth.

We have a limited number of employees and we depend on the continued services and performance of our key personnel. The loss of more than one member of this team could disrupt our operations and negatively impact our projected future growth. In addition, as we continue to grow, we cannot guarantee we will continue to attract and retain the personnel we need to maintain our competitive position.

Our lack of diversification increases the risk of an investment in the Company.

Our business lacks significant diversification and to date has been dependent on the success of our mercury emission control technologies. As a result, we are impacted more acutely by factors affecting our industry or the regions in which we operate than we would if our business were more diversified, enhancing our risk profile. While we are in the process of developing new technologies, no assurance can be made that any such new technologies currently under development will be commercialized or result in a significant revenue stream.

Low gas prices can negatively impact our results of operations; mild weather could also have corresponding effects on the demand for coal.

Our mercury-emissions control technologies are used by coal-fired power plants primarily in the United States. At such times that gas prices remain low for sustained periods of time or such prices drop substantially, power suppliers will likely rely more upon gas-fired units rather than coal plants in meeting their power needs. Historically, gas prices have been volatile and are likely to remain volatile in the future due to numerous factors beyond our control. Although market prices for natural gas have recently remained relatively high, we cannot predict when such prices may decline and remain low for an extended period of time which, in such event, will likely cause a weaker demand for our products. In addition, mild winter months in the U.S. will also result in less of a power demand which will also be expected to negatively impact our operations.

Our insurance coverage may not be adequate to protect us from all business risks.

We may be subject, in the ordinary course of business, to claims resulting from products liability, employment-related actions, class action lawsuits, accidents, acts of God, and other actions against us. Additionally, our insurance coverage may be insufficient to cover all existing and future claims against us. We may be compelled to expend significant time and resources defending any such claims, and a loss that is uninsured or which exceeds policy limits may require us to pay substantial amounts, which could adversely affect our financial condition and operating results.

Litigation resulting from disputes with customers may result in substantial costs, liabilities, and loss of revenues.

From time to time, we may be faced with disputes with our customers over the provisions of supply contracts relating to, among other things, pricing, quality, quantity, and the existence of specified conditions beyond our or our customers' control that impact performance obligations under the particular contract. In the event such disputes occur, we may not be able to resolve those disputes in a satisfactory manner which could have a material adverse effect on our business, financial condition, and results of operations.

Revenues are generated under contracts or blanket purchase orders that must be renegotiated periodically.

Substantially all of our revenues are generated under contracts or blanket purchase orders which expire periodically or which must be frequently renegotiated, extended, or replaced. Whether these contracts or blanket purchase orders are renegotiated, extended, or replaced is often subject to factors that may be beyond our control, including an extremely competitive marketplace for the services we offer. We cannot assure you that the costs and pricing of our services can remain competitive in the marketplace or that we will be successful in renegotiating our contracts and blanket purchase orders.

Business interruptions could significantly disrupt our operations and could have a material adverse impact on us.

Our operations, and those of our suppliers, and other contractors and consultants, could be subject to geopolitical events, natural disasters, power and other infrastructure failures or shortages, public health pandemics or epidemics, and other natural or man-made disasters or business interruptions. In the event of any of these occurrences, we may experience disruptions to our business including, but not limited to, the availability of raw materials and equipment, disruptions to our workforce, or to our business relationships with other third parties. Any such disruptions or losses we incur could have a material adverse effect on our financial results and our ability to conduct business as expected.

Any disruptions to our information technology systems or breaches of our network security could interrupt our operations, compromise our reputation, and expose us to and costly response measures and could have a material adverse effect on our business operations.

We rely on information technology systems, including third-party hosted servers and cloud-based servers, to keep business, financial, and corporate records, communicate internally and externally, and operate other critical functions. If any of our internal systems or the systems of our third-party providers are compromised due to computer virus, unauthorized access, malware, and the like, then sensitive documents could be exposed or deleted, and our ability to conduct business could be impaired. Cyber incidents can result from deliberate attacks or unintentional events. These incidents can include, but are not limited to, unauthorized access to our systems, computer viruses or other malicious code, denial of service attacks, malware, ransomware, phishing, human error, or other events that result in security breaches or give rise to the manipulation or loss of sensitive information or assets. Cyber incidents can be caused by various persons or groups, including disgruntled employees and vendors, activists, organized crime groups, and state-sponsored and individual hackers. Cyber incidents can also be caused or aggravated by natural events, such as earthquakes, floods, fires, power loss, and telecommunications failures. The risk of cybersecurity breach has generally increased as the number, intensity, and sophistication of attempted attacks from around the world has increased. While we have certain cyber security procedures in place, given the evolving nature of these threats, there can be no assurance that we will not suffer material losses in the future due to cyber-attacks.

Maintaining and improving our financial controls may divert management's attention and increase costs.

We are subject to the requirements of the Exchange Act, including the requirements of the Sarbanes-Oxley Act of 2002. The requirements of these rules and regulations have increased in recent years, causing an increase in legal and financial compliance costs, and make some activities more difficult, time-consuming, or costly and may also place undue strain on our personnel, systems, and resources. Such rules and regulations require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. This can be difficult to do. In this regard, our management concluded our internal control over financial reporting was not effective as of December 31, 2023. While certain remedial actions have been completed, we continue to actively plan for and implement additional control procedures to improve our overall control environment and expect these efforts to continue throughout the rest of 2024 and beyond. As a result of this and similar activities, management's attention may be diverted from other business concerns, which could have a material adverse effect on our business, financial condition, and results of operations. Further, investors could lose confidence in our financial reports, and our stock price may be adversely affected, if our internal controls over financial reporting continue to be found not to be effective by management or if we make disclosure of existing or potential significant deficiencies or material weaknesses in those controls in the future. Relatedly, if we fail to remediate any such material weakness in the future, we may not be able to accurately report our financial condition or results of operations.

Liquidity risk could impair our ability to fund operations and jeopardize our financial condition.

Liquidity, i.e., ready access to funds, is essential to our business. Our access to external sources of financing could be impaired by factors that are specific to us or others that may be outside of our control. As a result, such liquidity risk could impair our ability to funds operations and jeopardize our financial condition.

Discretion in the use of available funds

Management has discretion concerning the use of our available funds, as well as the timing of their expenditure. As a result, investors will be relying on the judgment of management for the application of our available funds. The results and the effectiveness of the application of the available funds are uncertain. If the available funds are not applied effectively, the results of our operations may suffer. Stockholders may not agree with the manner in which management chooses to allocate and spend our available funds.

Risks Related to Regulation

Our business focus has predominantly been mercury removal from power plant emissions, which is driven primarily by regulation. Any significant changes in mercury and other emission regulation could have a major impact on us.

Our business focus has predominantly been mercury reduction in flue gas emissions from large coal-fired utility and industrial boilers. This market is primarily based on air pollution control regulations and enforcement of those regulations. Any significant change in these regulations would have a dramatic effect on us, especially in North America (and primarily the United States) which is currently the largest market for our technology. Specifically, on February 16, 2012, the EPA published the final Coal- and Oil-Fired Electric Utility Steam Generating Units National Emission Standards for Hazardous Air Pollutants, known as MATS, which sets forth federal mercury emission levels. 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.

The MATS regulation has been subject to legal challenge since being enacted. In June 2015, the U.S. Supreme Court, in *Michigan v. EPA* , 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, but left the rule in place. In April 2016, the EPA issued a supplemental finding in response to the *Michigan* decision and found that, after a consideration of costs, it remained appropriate and necessary to regulate such emissions from coal- and oil-fired power plants. In May 2020, the EPA, then under the Trump Administration, reversed the determination, finding that, after weighing the costs of compliance against certain benefits of the regulation, the 2016 supplemental finding was erroneous but left the MATS rule in place. Upon taking office, the Biden Administration in January 2021 directed the EPA to review the previous Administration's actions on various environmental matters including the withdrawal of the May 2020 "appropriate and necessary" determination, for conformity with Biden Administration environmental policy. On February 9, 2022, the EPA proposed to revoke the May 2020 finding and reaffirm the EPA's 2016 finding. On February 15, 2023, the EPA reaffirmed that it remains appropriate and necessary to regulate hazardous air pollutants, including mercury, from power plants after considering cost, and revoked the May 2020 finding. On April 3, 2023, the EPA issued a proposal to strengthen and update MATS. This proposal is currently pending. Nevertheless, legal challenges may continue in the future with respect to the MATS regulation.

Uncertainty and lack of international environmental regulations could restrict our ability to attract business in Europe and Asia

In order to expand our business internationally, we would expect that more restrictive international environmental regulations will need to be enacted for the purpose of mercury control from power plant emissions in Europe and in China and other Asian countries. In May 2017, the European Union and seven of its member states ratified the Minamata Convention on Mercury. The Minamata Convention on Mercury is a global treaty to protect human health and the environment from the adverse effects of mercury. Specific emissions limits are being developed by the European Union, although the timing of any enactment of such is uncertain. With regard to business opportunities in China and other Asian countries, there currently exists no specific mandate for mercury capture that requires specific control technology, such as we offer. Any delay in enactment of more restrictive international regulations or the lack thereof could restrict any efforts and our ability to attract business in Europe and Asia for our emissions technologies.

Risks Associated with our Common Stock

There is a limited trading market for our common stock.

Our common stock is currently traded in Canada on the TSX Venture Exchange ("TSXV") under the symbol "MEEC" and is quoted in the United States on the OTCQB operated by OTC Markets Group Inc. under the symbol "MEEC". Historically, the trading volume for our common stock has been limited. Accordingly, investors may find it more difficult to buy and sell our shares. These factors may have an adverse impact on the trading and price of our common stock.

Our stock price may be volatile, which could result in substantial losses to investors and litigation.

In addition to changes to market prices based on our results of operations and the factors discussed elsewhere in this "*Risk Factors*" section, the market price of and trading volume for our common stock may change for a variety of other reasons, not necessarily related to our actual operating performance. The capital markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. In addition, the average daily trading volume of the securities of small companies can be very low, which may contribute to future volatility. Factors that could cause the market price of our common stock to fluctuate significantly include:

- the results of operating and financial performance and prospects of other companies in our industry;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- announcements of innovations, increased service capabilities, new or terminated customers, or new, amended, or terminated contracts by our competitors;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- lack of securities analyst coverage or speculation in the press or investment community about us or market opportunities in our industry or about the market for coal-fired power in the U.S. or abroad;
- changes in government policies in the United States and in foreign countries, if we are able to derive significant business outside of the United States;
- changes in earnings estimates or recommendations by securities or research analysts who track our common stock or failure of our actual results of operations to meet those expectations;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- changes in accounting standards, policies, guidance, interpretations, or principles;
- any lawsuit involving us, our services, or our products;
- arrival and departure of key personnel;
- sales of common stock by us, our investors or members of our management team; and
- changes in general market, economic and political conditions in the United States, and global economies or financial markets, including those resulting from natural or man-made disasters.

Any of these factors, as well as broader market and industry factors, may result in large and sudden changes in the trading volume of our common stock and could seriously harm the market price of our common stock, regardless of our operating performance. This may prevent you from being able to sell your shares at or above the price you paid for your shares of our common stock, if at all. In addition, following periods of volatility in the market price of a company's securities, stockholders often institute securities class action litigation against that company. Our involvement in any class action suit or other legal proceeding could divert our senior management's attention and could adversely affect our business, financial condition, results of operations, and prospects.

Shares eligible for future sale may have adverse effects on our share price.

Sales of substantial amounts of shares or the perception that such sales could occur may adversely affect the prevailing market price for our shares. We may issue additional shares in subsequent public offerings or private placements to make new investments or for other purposes. We are not required to offer any such shares to existing shareholders on a preemptive basis. Therefore, it may not be possible for existing shareholders to participate in such future share issuances, which may dilute the existing shareholders' interests in us.

We do not anticipate paying any cash dividends on our capital stock in the foreseeable future.

We have never declared or paid any cash dividends on our capital stock, and we do not anticipate paying any cash dividends on our capital stock in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, capital appreciation, if any, of our common stock may be your sole source of gain for the foreseeable future.

We may need additional capital in the future, which may not be available on acceptable terms or at all, to continue investing in our business and to finance acquisitions and other strategic transactions.

We may need additional capital in the future, which may not be available on acceptable terms or at all, to among other things, continue investing in our business, pursue acquisitions and other strategic transactions. Future financings may involve the issuance of debt, equity, and/or securities convertible into or exercisable or exchangeable for our equity securities. These financings may not be available to us on commercially reasonable terms or at all if and when we require funding. If we are able to consummate such financings, the trading price of our common stock could be adversely affected and/or the terms of such financings may adversely affect the interests of our existing stockholders. Any failure to obtain additional working capital, if and when required, could have a material adverse effect on our business and financial condition and may result in a decline in our stock price.

Our officers and directors are entitled to indemnification from us for liabilities under our articles of incorporation, which could be costly to us and may discourage the exercise of stockholder rights.

Our articles of incorporation provide that we possess and may exercise all powers of indemnification of our officers, directors, employees, agents, and other persons and our bylaws also require us to indemnify our officers and directors as permitted under the provisions of the Delaware General Corporate Law. The foregoing indemnification obligations could result in our incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers. These provisions and resultant costs may also discourage us from bringing a lawsuit against directors, officers, and employees for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our stockholders against our directors, officers, and employees even though such actions, if successful, might otherwise benefit the Company and stockholders.

Our common stock is currently characterized as a "penny stock" under SEC rules. It may be more difficult to resell securities classified as "penny stock."

Our common stock is currently characterized as a "penny stock" under applicable SEC rules (generally defined as non-exchange traded stock with a per-share price below $5.00). These rules impose additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as "established customers" or "accredited investors." For example, broker-dealers must determine the appropriateness for non-qualifying persons of investments in penny stocks. Broker-dealers must also provide, prior to a transaction in a penny stock not otherwise exempt from the rules, a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, disclose the compensation of the broker-dealer and its salesperson in the transaction, furnish monthly account statements showing the market value of each penny stock held in the customer's account, provide a special written determination that the penny stock is a suitable investment for the purchaser, and receive the purchaser's written agreement to the transaction.

U.S. legal remedies available to an investor in "penny stocks" may include the following:

- If a "penny stock" is sold to the investor in violation of the requirements listed above, or other federal or states securities laws, the investor may be able to cancel the purchase and receive a refund of the investment.
- If a "penny stock" is sold to the investor in a fraudulent manner, the investor may be able to sue the persons and firms that committed the fraud for damages.

These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit the market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

Many brokerage firms will discourage or refrain from recommending investments in penny stocks. Most institutional investors will not invest in penny stocks. In addition, many individual investors will not invest in penny stocks due, among other reasons, to the increased financial risk generally associated with these investments.

For these reasons, penny stocks may have a limited market and, consequently, limited liquidity. We can give no assurance at what time, if ever, our common stock will not be classified as a "penny stock" in the future.

If we cannot continue to satisfy the continued listing requirements, of the TSXV, our securities may be delisted from the TSXV, which could negatively impact the price of our securities and your ability to sell them.

On July 20, 2023, our shares of common stock began to trade on the TSXV. We cannot assure you that our securities will continue to be listed on the TSXV. In order to maintain our listing on the TSXV, we will be required to comply with certain rules of the TSXV, including those regarding a minimum public float, and various additional requirements. We may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the TSXV criteria for maintaining our listing, our securities could be subject to delisting from the TSXV.

If the TSXV subsequently delists our securities from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;
- limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Potential future sales pursuant to Rule 144.

Many of the shares of our common stock presently held by management and others are "restricted securities" as that term is defined in Rule 144, promulgated under the United States Securities Act of 1933, as amended. Under Rule 144, a person (or persons whose shares are aggregated) who has satisfied a certain holding period, may, under certain circumstances, sell such shares or a portion of such shares. Such holding periods have already been satisfied in many instances. Therefore, actual sales or the prospect of sales of such shares under Rule 144 in the future may depress the price of our common stock.

Except as required by the Federal Securities Law, we do not undertake any obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this report or for any other reason.

Item 1B. Unresolved Staff Comments.

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 1C. Cybersecurity.

Cybersecurity Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats, as such term is defined in Item 106(a) of Regulation S-K. Based on our small size and limited number of employees and consultants, we rely extensively on information technology systems managed by third party major service providers to securely process, store and transmit our data to conduct business. Our employees and consultants utilize end point security tools, such as firewalls and anti-virus protection, to protect our data. To date, we have not engaged any assessors, consultants, auditors or other third parties in connection with our risk management system or processes.

In connection with our use of third-party services providers, we have certain processes in place to oversee and identify cybersecurity risks from threats and incidents. We are not aware of having experienced any material cybersecurity incidents. We are not aware of any existent cybersecurity threats that would materially affect, or are reasonably likely to materially affect the Company, including our business strategy, results of operations or financial condition. However, there could be cybersecurity threats or incidents in the future that may adversely affect our business. For more information, please refer to Part I, Item 1A. “Risk Factors” in this Annual Report on Form 10-K.

Our overall strategy in combatting known cybersecurity risks includes a variety of individual tactics, including:

- the use of antivirus software, virtual private networks, email security, as well as other software to prevent and detect data intrusions.
- the deployment of updates and patches as they are available and maintaining the current versions of major software to reduce the exposure to vulnerabilities.
- the review of the security procedures used by third parties that may host or otherwise have access to the Company's data.
- if necessary, the use of third-party security experts if and when an incident is detected.

Governance

Our Vice President of Operations oversees risks of cybersecurity threats and will report, as necessary, to the Board of Directors, including promptly reporting any cybersecurity incidents that may pose a significant risk to us. To date, our Vice President of Operations has not had to report any cybersecurity incidents to the Board. Our Vice President of Operations has over 25 years of experience in the industry and has overseen the day-to-day operations of the Company for over 10 years. Among other things, he has been responsible for day-to-day access management, network security and data protection solutions. Our Board of Directors has oversight of management to eliminate cybersecurity risks.

Item 2. Properties.

We lease a warehouse in Corsicana, Texas consisting of approximately 20,000 square feet which we use for manufacturing and distribution of our products. As of December 2019, we relocated our corporate headquarters to such location which corporate headquarters prior thereto were maintained in Lewis Center, Ohio. Such lease in Corsicana, Texas expires March 31, 2029.

Item 3. Legal Proceedings.

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

During 2020, each of the four major utility defendants in the above action filed petitions for Inter Partes Review with the United States Patent and Trademark Office, seeking to invalidate certain claims to the patents which are subject to the litigation.

Between July 2020 and January 2021, we entered into agreements with each of the four major utility defendants in such action which included certain monetary arrangements and pursuant to which we have dismissed all claims brought against each of them and their affiliates, and such parties have withdrawn from petitions for Inter Partes Review with the United States Patent and Trademark Office. Such agreements entered into with such parties provide each of them and their affiliates with a non-exclusive license to certain Company patents (related to the Company's two-part Sorbent Enhancement Additive (SEA®) process) for use in connection with such parties' coal-fired power plants.

Subsequently, and as a result of certain rulings by the Court, certain defendants were dismissed in the action, certain defendants were added and certain originally named defendants remained in the action. A jury trial was scheduled for November 13, 2023.

On November 9, 2023, we entered into a confidential binding term sheet with Arthur J. Gallagher & Co., and various of its affiliated entities (collectively "AJG"), and DTE Energy Resources LLC and various of its affiliated entities (collectively "DTE"), to resolve the patent litigation. Pursuant to the term sheet, all claims and counterclaims asserted by the parties in such patent litigation have been dismissed with prejudice, although such term sheet does not affect any other claim brought against the remaining CERT defendants. The financial aspects of the term sheet remain confidential pursuant to its terms.

In addition, effective November 9, 2023, Alistar Enterprises, LLC ("Alistar"), one of the remaining CERT defendants, entered into a settlement agreement with us which provided that all claims and counterclaims asserted in the action between the Company and Alistar be dismissed with prejudice. The financial terms of such settlement remain confidential.

Effective as of December 28, 2023, and in connection with the term sheet described above, the Company, along with its wholly-owned subsidiary, MES, Inc., and (a) Chem-Mod LLC ("Chem-Mod"), (b) Arthur J. Gallagher & Co. and AJG Coal, LLC, and (c) DTE Energy Co. and DTE Energy Resources, LLC, entered into a paid license of U.S. Patent No. 8,168,147, U.S. Patent No. 10,343,114, U.S. Patent No. 10,589,225, U.S. Patent No. 10,596,517 and U.S. Patent No. 10,668,430 and their foreign equivalents and related patent applications and patents, which licenses the use of refined coal or the Chem-Mod Solution in conjunction with activated carbon. This license applies to Chem-Mod and certain of its licensees, sub-licensees, and their customers, for the remaining term of such patents. By its terms, the license does not cover the use of activated carbon with coal that is not either refined coal or coal made by or for use with the Chem-Mod Solution in a manner authorized by the license. The parties to the license have mutually released all claims that any past use of the Chem-Mod Solution in connection with the production or use of refined coal with activated carbon by entities other than the CERT defendants and their customers infringes the asserted patents and related intellectual property, and all claims that could have been brought challenging the validity of such patents.

The remaining CERT defendants and their customers (for activities relating to the CERT defendants) are not included within the scope of the license. The Court rescheduled the trial as to the claims against the remaining CERT defendants to begin on February 26, 2024.

Following a five-day trial, on March 1, 2024, a federal jury in the U.S. District Court for the District of Delaware awarded a $57.1 million patent infringement verdict in favor of the Company against the remaining group of CERT defendants. Such group of affiliated defendants included multiple limited liability companies with refined coal industry operations, including CERT Operations II LLC, CERT Operations IV LLC, CERT Operations V LLC, and CERT Operations RCB LLC. The jury determined that these defendants infringed our patented technologies for mercury emissions and were liable for willful infringement, along with inducing and contributory infringement.

Other than the foregoing, there are no material pending legal proceedings to which we are a party or to which any of our property is subject, nor are there any such proceedings known to be contemplated by governmental authorities. None of our directors, officers, or affiliates are involved in a proceeding adverse to our business or has a material interest adverse to our business.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market

Our shares of common stock are quoted on the OTCQB operated by OTC Markets Group Inc. under the symbol "MEEC", and began trading on the TSX Venture Exchange ("TSXV") on July 10, 2023 also under the symbol "MEEC". As it relates to the OTCQB, over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Recent Sales of Unregistered Securities

None.

Share Repurchase Program

We purchased no equity securities during year ended December 31, 2023, and have no program in place at the present time to buy any equity securities in the future.

Holders

As of April 16, 2024, there were 396 stockholders of record of our common stock. The number of holders of record does not include holders who are beneficial owners, but whose securities are held in "nominee" or "street name" by brokers or other nominees. The approximate number of beneficial stockholders is estimated to be 2,900.

Dividends

We have not declared any cash dividends to date and have no current plan to do so in the foreseeable future.

Transfer Agent

The transfer agent and registrar for our common stock is Transfer Online, Inc., 512 SE Salmon Street, Portland, Oregon 97214. The co-transfer agent and registrar for our common stock in Canada is TSX Trust Company at its offices in Toronto, Ontario, Canada.

Equity Compensation Plan Information

The following table shows information, as of December 31, 2023, with respect to each equity compensation plan under which our common stock is authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders, terminated	4,775,000	$ 0.75	0
Equity compensation plans approved by security holders	12,262,500	$ 0.45	1,635,587
Total	17,037,500	$ 0.53	1,635,587

Item 6. [Reserved].

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing elsewhere in this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks, uncertainties, and assumptions. You should read the "Forward-Looking Statements" and "Risk Factors" sections of this report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Business Operations

We are an environmental services and technologies company developing and delivering patented and proprietary solutions to the global power industry, specializing in mercury emissions removal technologies. We provide mercury capture solutions driven by our patented two-part Sorbent Enhancement Additive ("SEA") technology. Our leading-edge services have been shown to achieve mercury emissions removal at a significantly lower cost and with less operational impact to coal-fired power plants than currently used methods, while maintaining and/or increasing power plant output and preserving the marketability of byproducts 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 facilities. 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 since being enacted. In June 2015, the U.S. Supreme Court, in*Michigan v. EPA* , 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, but left the rule in place. In April 2016, the EPA issued a supplemental finding in response to the *Michigan* decision and found that, after consideration of costs, it remained appropriate and necessary to regulate such emissions from coal- and oil-fired power plants. In May 2020, the EPA, then under the Trump Administration, reversed the determination, finding that, after weighing the costs of compliance against certain benefits of the regulation, the 2016 supplemental finding was erroneous but left the MATS rule in place. Upon taking office, the Biden Administration in January 2021 directed the EPA to review the previous Administration's actions on various environmental matters including the withdrawal of the May 2020 "appropriate and necessary" determination, for conformity with Biden Administration environmental policy. On February 9, 2022, the EPA proposed to revoke the May 2020 finding and reaffirm the EPA's 2016 finding. On February 15, 2023, the EPA reaffirmed that it remains appropriate and necessary to regulate hazardous air pollutants, including mercury, from power plants after considering cost, and revoked the May 2020 finding. On April 3, 2023, the EPA issued a proposal to strengthen and update MATS. This proposal is currently pending. Nevertheless, legal challenges may continue in the future with respect to the MATS regulation.

We remain focused on positioning the Company for short and long-term growth, including focusing 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.

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. We also seek license agreements with utilities while allowing them to use our SEA® technologies without our supply of products. Since 2021, we have announced various supply contract extensions, new supply business and license agreements. We expect additional supply business and license agreements during 2024 and thereafter, including converting certain licensees to supply customers.

Patent Litigation

On July 17, 2019, we initiated patent litigation against certain defendants in the U.S. District Court for the District of Delaware for infringement of certain United States patents owned by the Company. These patents relate to our two-part Sorbent Enhancement Additive (SEA®) process for mercury removal from coal-fired power plants. Between July 2020 and January 2021, we entered into agreements with each of the four major utility defendants in such action which included certain monetary arrangements and pursuant to which we have dismissed all claims brought against each of them and their affiliates, and such parties have withdrawn from petitions for Inter Partes Review with the United States Patent and Trademark Office. Such agreements entered into with such parties provide each of them and their affiliates with a non-exclusive license to certain Company patents (related to the Company's two-part Sorbent Enhancement Additive (SEA®) process) for use in connection with such parties' coal-fired power plants.

In May 2021, a U.S. District Court Magistrate Judge issued a report and recommendation which was approved by the District Judge in September 2021 that such litigation should be permitted to proceed against various refined coal defendants named in the action directly involved in the refined coal program and operations, and be dismissed against certain other defendants, primarily affiliated entities of the refined coal operators.

Prior to the jury trial which was scheduled for November 13, 2023, we entered into a confidential binding term sheet on November 9, 2023 with Arthur J. Gallagher & Co., and various of its affiliated entities (collectively "AJG"), and DTE Energy Resources LLC and various of its affiliated entities (collectively "DTE"), to resolve the patent litigation against these two groups of defendants. Pursuant to the term sheet, all claims and counterclaims asserted by the parties in such patent litigation have been dismissed with prejudice, although such term sheet does not affect any other claim brought against the remaining CERT defendants. The financial aspects of the term sheet remain confidential pursuant to its terms.

In addition, effective November 9, 2023, Alistar Enterprises, LLC ("Alistar"), one of the remaining CERT defendants, entered into a settlement agreement with us which provided that all claims and counterclaims asserted in the action between the Company and Alistar be dismissed with prejudice. The financial terms of such settlement remain confidential.

Effective as of December 28, 2023, and in connection with the term sheet described above, we entered into a paid license with (a) Chem-Mod LLC ("Chem-Mod"), (b) Arthur J. Gallagher & Co. and AJG Coal, LLC, and (c) DTE Energy Co. and DTE Energy Resources, LLC, relating to U.S. Patent No. 8,168,147, U.S. Patent No. 10,343,114, U.S. Patent No. 10,589,225, U.S. Patent No. 10,596,517 and U.S. Patent No. 10,668,430 and their foreign equivalents and related patent applications and patents, which licenses the use of refined coal or the Chem-Mod Solution in conjunction with activated carbon. This license applies to Chem-Mod and certain of its licensees, sub-licensees, and their customers, for the remaining term of such patents. By its terms, the license does not cover the use of activated carbon with coal that is not either refined coal or coal made by or for use with the Chem-Mod Solution in a manner authorized by the license. The parties to the license have mutually released all claims that any past use of the Chem-Mod Solution in connection with the production or use of refined coal with activated carbon by entities other than the CERT defendants and their customers infringes the asserted patents and related intellectual property, and all claims that could have been brought challenging the validity of such patents.

The remaining CERT defendants and their customers (for activities relating to the CERT defendants) were not included within the scope of the license. The Court rescheduled the trial as to the claims against the remaining CERT defendants to begin on February 26, 2024.

Following a five-day trial, on March 1, 2024, a federal jury in the U.S. District Court for the District of Delaware awarded a $57.1 million patent infringement verdict in favor of the Company against the remaining group of CERT defendants. Such group of affiliated defendants included multiple limited liability companies with refined coal industry operations, including CERT Operations II LLC, CERT Operations IV LLC, CERT Operations V LLC, and CERT Operations RCB LLC. The jury determined that these defendants infringed our patented technologies for mercury emissions and were liable for willful infringement, along with inducing and contributory infringement.

AC Midwest Energy

On February 27, 2024, we entered into an Unsecured Debt Restructuring Agreement (the "Debt Restructuring Agreement") with AC Midwest Energy LLC ("AC Midwest") which replaced and superseded the Unsecured Note Financing Agreement and Reaffirmation of Guaranty entered into with AC Midwest on February 25, 2019, as amended on October 28, 2022 (the "Unsecured Note Financing Agreement").

Pursuant to the Unsecured Note Financing Agreement, prior to February 27, 2024, AC Midwest was the holder of an unsecured note with a principal amount outstanding of $13,154,931 which was issued on February 25, 2019 (the "Unsecured Note"). The Unsecured Note was scheduled to mature on August 25, 2025 and bears a zero cash interest rate. Pursuant to the Unsecured Note Financing Agreement, AC Midwest was also entitled to a "non-recourse" profit participation preference equal to $17,654,931 (the "Profit Share"). Prior to maturity, the outstanding principal, as well as the Profit Share, were to be paid from Net Litigation Proceeds from claims relating to the Company's intellectual property, Net Revenue Share, Adjusted Free Cash Flow and Equity Offering Net Proceeds (as such terms are defined in the Unsecured Note Financing Agreement). Any remaining principal balance due on the Unsecured Note would 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 would remain subject to the Unsecured Note Financing Agreement until full and final payment.

Prior to February 27, 2024, there also remained outstanding to AC Midwest a principal balance of $271,686 due under a secured noted of the Company issued on November 29, 2016 in the original principal amount of $9,646,686, which had a maturity date of August 25, 2025 (the "Secured Note"). The Secured Note had been issued pursuant to an Amended and Restated Financing Agreement and Reaffirmation of Guaranty, dated as of November 1, 2016, as amended on June 14, 2018, September 12, 2019, February 25, 2019 and October 28, 2022 (the "Restated Financing Agreement").

Pursuant to the Debt Restructuring Agreement, on February 27, 2024, we (i) paid AC Midwest $9,040,000 as a reduction in the outstanding principal balance of the Unsecured Note, (ii) issued to AC Midwest a new unsecured replacement note representing the remaining outstanding principal balance of the Unsecured Note in the principal amount of $4,114,931 (the "New Note"), and (iii) paid AC Midwest $275,626 representing the remaining principal balance under the Secured Note of $271,686 plus interest of $3,939. In addition, within 30 days, we would either facilitate the private sale to third parties of certain shares of common stock of the Company held by AC Midwest for a purchase price of no less than $960,000, which amount shall be applied as a credit against the principal balance due on the New Note dollar for dollar, or pay AC Midwest $960,000 toward the principal balance due on the New Note. The private sale of shares for the purchase price of $960,000 was completed on March 11, 2024. Any remaining principal balance on the New Note shall be due August 27, 2024 (the "Maturity Date"), which is six months from February 27, 2024. Until repaid in full, the New Note shall accrue interest at a rate equal to SOFR plus 2.0% per annum. The New Note completely replaces and supersedes the Unsecured Note, which shall be of no further force and effect.

In addition, pursuant to the Debt Restructuring Agreement, AC Midwest shall be entitled to a profit participation preference equal to $7,900,000 (the "Restructured Profit Share"). The Restructured Profit Share is "non-recourse" and shall only be paid from Net Litigation Proceeds (as defined in the Debt Restructuring Agreement) from claims relating to our intellectual property. Following the receipt of any Net Litigation Proceeds, we shall prepay any remaining principal balance of the New Note and pay the Restructured Profit Share in an amount equal to 75.0% of such Net Litigation Proceeds until the New Note and Restructured Profit Share have been paid in full. The Restructured Profit Share completely replaces and supersedes the terms and conditions of the Profit Share in the amount of $17,654,931 provided for in the Unsecured Note Financing Agreement, which shall be of no further force and effect. The Restructured Profit Share, if not paid in full on or before the Maturity Date, shall remain subject to the terms of the Debt Restructuring Agreement.

In addition to facilitating the private sale to third parties as described above, AC Midwest has granted the Company the exclusive right until December 31, 2024 to facilitate the sale of all or a portion of the remaining balance of the shares of common stock of the Company held by AC Midwest, which proceeds above a certain amount will be applied as a credit against the Restructured Profit Share dollar for dollar.

As a result of the repayment of the remaining principal balance under the Secured Debt, we and AC Midwest executed a Satisfaction and Discharge of Secured Debt confirming the cancellation of the Secured Note and that all of the obligations under the Restated Financing Agreement have been fully satisfied and discharged.

Other Developments

We are in the process of developing and testing other business opportunities which include the extracting and processing of rare earth elements (REEs) in North America, remediation technologies for wastewater and coal ash from coal-fired power plants, as well as drinking water treatment technologies. We believe the market for water treatment is large and significantly growing both in the United States and abroad. This expansion in water treatment and wastewater remediation will allow us to support the growing needs of the energy sector, as well as provide vital technologies for considerable environmental concerns. There can be no assurance that we will be successful in the development of these technologies.

On April 20, 2023, we received conditional approval to list our shares of common stock on the TSX Venture Exchange (the "TSX-V"). The listing was subject to our fulfilling certain requirements of the TSX-V in accordance with the terms of the conditional approval letter. On July 6, 2023, the Company received final approval from the TSX-V. The Company's shares commenced trading on the TSX-V on July 10, 2023 under the symbol "MEEC". The Company is listed as a Tier 1 Industrial, Technology, or Life Sciences Issuer.

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

Results of Operations

Revenues

We generated revenues of approximately $17,940,000 and $21,620,000 for the years ended December 31, 2023 and 2022, respectively. Such revenues were primarily derived from sorbent product sales which were approximately $17,093,000 and $20,644,000 for the years ended December 31, 2023 and 2022, respectively. The decrease in revenues from the prior year was primarily due to the decreased supply demands from our customer base in 2023 compared to the prior year along with the closure of one of our customer's power plants which occurred at the end of 2022, offset by an increase in licensing revenues for 2023 compared to 2022.

Licensing revenues were approximately $703,000 and $651,000 for the years ended 2023 and 2022, respectively. Such increase was primarily due to greater licensing revenues generated in 2023 from one of our customers compared to 2022.

Equipment sales and other revenues for the years ended December 31, 2023 and 2022 were approximately $145,000 and $325,000, respectively. This decrease was primarily due to increased equipment rental revenues in 2022 compared to 2023, partially offset by a decrease in demonstrations and consulting revenue.

Costs and Expenses

Total costs and expenses were approximately $39,171,000 and $23,184,000 during the years ended December 31, 2023 and 2022, respectively. The increase in total costs and expenses from the prior year is primarily attributable to an increase on the loss on change in fair value of the profit share and the increase general and administrative expenses primarily attributable to an increase in legal fees during 2023 in connection with the patent litigation. This was partially offset by a decrease in cost of sales due primarily to decreased sales in 2023, and a decrease in interest expense.

Cost of sales were approximately $12,172,000 and $14,599,000 for the years ended December 31, 2023 and 2022, respectively. The decrease in cost of sales is primarily attributable to decreased sales.

Selling, general and administrative expenses were approximately $14,207,000 and $6,117,000 for the years ended December 31, 2023 and 2022, respectively. Such increase was primarily due to increased legal fees incurred in 2023 in connection with our patent litigation including the settlement reached with various defendants in the fourth quarter of 2023.

Interest expense related to the financing of capital was approximately $1,362,000 and $1,570,000 for the years ended December 31, 2023 and 2022, respectively. The approximate breakdown of interest expense for the years ended December 31, 2023 and 2022 is as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Interest expense on notes payable	$ 24,000	$ 53,000
Other interest	2,000	-
Additional interest upon conversion of notes	-	-
Amortization of discount of notes payable	1,336,000	1,438,000
Amortization of debt issuance costs	-	79,000
	$ 1,362,000	$ 1,570,000

Loss on change in fair value of profit share liability were approximately $11,210,000 and $802,000 for the years ended December 31, 2023 and 2022, respectively. The change in 2023 is primarily attributed to changes in the projected timing of the repayment of the profit share (See Note 2 to the consolidated financial statements).

Net Income (Loss)

For the year ended December 31, 2023, we had a net income of approximately $5,904,000 compared to a net loss $1,581,000 for the year ended December 31, 2022. Such change was primarily due to income from legal claims of $27,608,000 in 2023 compared to no such similar income in 2022, offset by reduced sales in our core business operations in 2023, the increase in total costs and expenses and the loss on change in fair value of the profit share liability recognized in 2023.

Liquidity and Capital Resource

We had approximately $20,940,000 in cash on our balance sheet at December 31, 2023 compared to approximately $1,504,000 at December 31, 2022. Total current assets were approximately $24,152,000 and total current liabilities were approximately $2,183,000 at December 31, 2023, resulting in working capital of approximately $21,969,000. This compares to total current assets of approximately $5,540,000 and total current liabilities were approximately $3,225,000 at December 31, 2022, resulting in working capital of approximately $2,315,000. Our accumulated deficit was approximately $62.8 million at December 31, 2023 compared to $68.7 million at December 31, 2022. Additionally, we had a net income in the amount of approximately $5,904,000 and cash provided by operating activities of approximately $19,226,000 for the year ended December 31, 2023.

Total Assets

Total assets were approximately $27,468,000 at December 31, 2023 versus approximately $9,340,000 at December 31, 2022. The change in total assets is primarily attributable to an approximate $19,436,000 increase in cash. This was offset by decreases in accounts receivable, inventory, right of use asset, property and equipment and intellectual property.

Total Liabilities

Total liabilities were approximately $28,250,000 at December 31, 2023 versus approximately $16,757,000 at December 31, 2022. The increase is primarily due to an increase in the value of the unsecured note and profit share liability offset by a decrease in accounts payable and accrued expenses.

Operating Activities

Net cash provided by operating activities consists of net income (loss), adjusted by certain non-cash items, and changes in operating assets and liabilities.

Net cash provided by operating activities was approximately $19,226,000 for the year ended December 31, 2023 compared to net cash provided by operating activities of approximately $71,000 for the year ended December 31, 2022. The increase in net cash provided by operating activities was primarily due to the following: (i) net income of $5.9 million in 2023 compared to a $1.6 million loss in 2022; (ii) loss on change in fair value of profit share of $11.2 million in 2023 compared to $802,000 in 2022; and (iii) certain other changes in operating assets and liabilities including accounts receivable, accounts payable and accrued liabilities, accrued salaries and operating lease liability.

Investing Activities

The Company had no investing activities for the year ended December 31, 2023. Net cash used in investing activities was approximately $11,000 for the year ended December 31, 2022 due to the purchase of property and equipment.

Financing Activities

Net cash provided by financing activities was approximately $210,000 for the year ended December 31, 2023, compared to net cash provided by financing activities of approximately $56,000 for the year ended December 31, 2022. During the year ended December 31, 2023, the Company received approximately $210,000 from the exercise of stock options compared to approximately $58,000 received from the exercise of stock options during the year ended December 31, 2022.

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. We use estimates in accounting for, among other items, profit share liability, revenue recognition, allowance for credit losses, stock-based compensation, income tax provisions, excess and obsolete inventory reserve and impairment of intellectual property. 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.

Inventory

Inventories are stated at the lower of cost or net realizable value. Inventories are periodically evaluated to identify obsolete or otherwise impaired products and are written off when management determines usage is not probable. We estimate the balance of excess and obsolete inventory by analyzing inventory by age using last used and original purchase date and existing sales pipeline for which the inventory could be used. In the past we have experienced a minimal valuation allowance on our inventory.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For consolidated financial statement purposes, equipment is recorded at cost and depreciated using the straight-line method over their estimated useful lives of 2 to 5 years. Leasehold improvements are recorded at cost and depreciated using the straight-line method over the life of the lease.

Expenditures for repairs and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. Management reviews the carrying value of our property and equipment for impairment on an annual basis.

Intellectual Property

Intellectual property is recorded at cost and amortized over its estimated useful life of 15 years. Management reviews intellectual property for impairment when events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. In the event that impairment indicators exist, a further analysis is performed and if the sum of the expected undiscounted future cash flows resulting from the use of the asset or asset group is less than the carrying amount of the asset or asset group, an impairment loss equal to the excess of the asset or asset group's carrying value over its fair value is recorded. Management considers historical experience and all available information at the time the estimates of future cash flows are made, however, the actual cash values that could be realized may differ from those that are estimated.

Recoverability of Long-Lived and Intangible Assets

Long-lived assets and certain identifiable intangibles held and used by us 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. We evaluate 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 undiscounted cash flows.

We have evaluated the recoverability of the carrying value of the Company's property and equipment, right of use asset and intellectual property. After completing the assessment of property and equipment for impairment as of December 31, 2023, the Company recorded an impairment expense related to property and equipment of $219,707 which is included in Impairment loss in the Company's consolidated statements of operations and comprehensive income (loss). The expense was primarily related to the impairment of construction in process costs where management determined that the undiscounted future cash flows were not sufficient to recover the carrying value of these assets over the estimated useful life. No impairment charges were recognized for the year ended December 31, 2022.

Stock-Based Compensation

We account for stock-based compensation awards in accordance with the provisions of ASC 718, Compensation-Stock Compensation, which requires equity-based compensation, be reflected in the consolidated financial statements over the period of service which is typically the vesting period based on the estimated fair value of the awards.

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. Our 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.

Revenue Recognition

We record revenue in accordance with ASC 606, Revenue from Contracts with Customers. 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 we satisfy our 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 our 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 we expect 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.

Disaggregation of Revenue

We generated revenue for the years ended December 31, 2023 and 2022 by (i) delivering product to our commercial customers, (ii) completing and commissioning equipment projects at commercial customer sites and (iii) performing demonstrations of our technology at customers with the intent of entering into long term supply agreements based on the performance of our products during the demonstrations and (iv) licensing our technology to customers.

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.

Income Taxes

We follow the asset and liability method of accounting for income taxes under FASB ASC 740, “Income Taxes.” Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of December 31, 2023 and 2022. We are currently not aware of any issues under review that could result in significant payments, accruals or material deviation from our position. We are no longer subject to tax examinations by tax authorities for years prior to 2019.

We may be subject to potential examination by federal, state, and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, and compliance with federal, state, and city tax laws. Our management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Recently Issued Accounting Standards

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements.

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.

The following table shows our reconciliation of net loss to adjusted EBITDA for the year December 31, 2023 and 2022, respectively:

	For the Year Ended	
	December 31, 2023	**December 31, 2022**
	(In thousands)	
Net income (loss)	$ 5,904	$ (1,581)
Non-GAAP adjustments:		
Depreciation and amortization	259	555
Interest	1,362	1,570
Change in fair value of profit share	11,210	802
Impairment of property and equipment	220	-
Income Taxes	473	18
Stock based compensation	520	672
Adjusted EBITDA	$ 19,948	$ 2,036

Item 7A. 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 8. Financial Statements and Supplementary Data

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARY
Index to Financial Information
Years Ended December 31, 2023 and 2022

To the Board of Directors and Stockholders of
Midwest Energy Emissions Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Midwest Energy Emissions Corp (the Company) as of December 31, 2023, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements as of and for the year ended December 31, 2022, were audited by another auditor. Their auditor's report, dated May 12, 2023, contained an unqualified opinion on those financial statements.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Profit Share Liability

Description of the Matter

As of December 31, 2023, the Company recorded a profit share liability of $13.8 million. As discussed in Note 7 to the financial statements, the Company entered into a profit participation preference (the "profit share liability") with AC Midwest Energy LLC as part of its Unsecured Note Financing Agreement. The Company calculates the fair value of the profit share liability on a quarterly basis utilizing management estimates. The fair value of the profit share liability is calculated using a discounted cash flow model based on estimated future cash payments. The fair value of the profit share liability is determined on a Level 3 measurement.

Inherent in the valuation of Level 3 financial instruments are certain significant judgments and estimates related to forecasted cash flows. Changes in these assumptions can significantly impact the valuation of the profit share liability and the gain or loss on change in fair value that is recorded. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's forecasted cash flows.

How We Addressed the Critical Audit Matter in Our Audit

To test the profit share liability calculation as of December 31, 2023, we performed the following procedures among others, by which we:

- Obtained an understanding of the Company's internal controls and the process to determine the fair value of the profit share liability.
- Obtained and reviewed the Unsecured Note Agreement and evaluated management's assessment of the terms of the agreement.
- Evaluated the reasonableness of management's cash flow forecast by comparing the forecast to historical data and trends and current events influencing expected future cash flows, including the timing of expected cash flows.
- Utilized our internal valuation specialist to assist in the assessment of the appropriateness of the valuation methodology and the reasonableness of the discount rate applied, including consideration of conditions affecting market rates.
- Performed sensitivity analyses to evaluate the potential impact of fluctuations in the underlying assumptions of the fair value of the profit share liability.
- Tested the clerical accuracy of the profit share liability calculation.

/s/ Rosenberg Rich Baker Berman, P.A.

We have served as the Company's auditor since 2023.

Somerset, New Jersey
April 16, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of
Midwest Energy Emissions Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Midwest Energy Emissions Corp. (the "Company") as of December 31, 2022, and the related consolidated statements of operations, stockholders' deficit and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company's auditor from 2018 (such date takes into account the acquisition Rotenberg Meril Solomon Bertiger & Guttilla, P.C. by Marcum LLP effective February 1, 2022) to September 11, 2023.

Saddle Brook, NJ
May 12, 2023

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		December 31, 2023		December 31, 2022
ASSETS				
Current assets				
Cash	$	20,939,762	$	1,504,225
Accounts receivable		2,233,211		2,777,607
Inventory		795,164		991,131
Prepaid expenses and other assets		183,621		267,393
Total current assets		24,151,758		5,540,356
Security deposits		5,175		10,175
Property and equipment, net		1,595,958		1,828,592
Right of use asset - operating lease		10,639		51,563
Intellectual property, net		1,704,063		1,909,597
Total assets	$	27,467,593	$	9,340,283
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities				
Accounts payable and accrued expenses (related party $107,454 and $25,000 at December 31, 2023 and December 31, 2022, respectively)	$	1,558,450	$	2,946,835
Income tax payable		437,821		-
Current portion of operating lease liability		11,157		43,262
Customer credits		167,000		167,000
Accrued salaries		8,936		67,478
Total current liabilities		2,183,364		3,224,575
Operating lease liability		-		11,289
Secured note payable, net of discount – related party		239,466		219,962
Unsecured note payable, net of discount and issuance costs – related party		10,979,723		9,663,056
Profit share liability – related party		14,847,937		3,638,260
Total liabilities		28,250,490		16,757,142
COMMITMENTS AND CONTINGENCIES				
Stockholders' deficit				
Preferred stock, $0.001 par value: 2,000,000 shares authorized, no shares issued		-		-
Common stock, $0.001 par value; 150,000,000 shares authorized 94,360,107 and 93,087,796 shares issued and outstanding as of December 31, 2023 and December 31, 2022 respectively.		94,360		93,088
Additional paid-in capital		61,917,119		61,188,442
Accumulated deficit		(62,794,376)		(68,698,389)
Total stockholders' deficit		(782,897)		(7,416,859)
Total liabilities and stockholders' deficit	$	27,467,593	$	9,340,283

See accompanying notes to these consolidated financial statements.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Revenues	**$ 17,940,370**	**$ 21,620,153**
Cost of sales	12,172,374	14,598,745
Gross profit	5,767,996	7,021,408
Operating expenses:		
Impairment loss	219,707	-
Selling, general and administrative expenses (related party of $554,410 and $300,000)	14,206,761	6,117,421
Total operating expenses	14,426,468	6,117,421
Operating (loss) income	(8,658,472)	903,987
Other income (expense)		
Income from legal claims	27,607,776	-
Interest expense (related party of $1,360,623 and $1,570,446)	(1,362,401)	(1,570,446)
Loss on change in fair value of profit share	(11,209,677)	(801,517)
Loss on investment	-	(95,500)
Total other income (expense)	15,035,698	(2,467,463)
Income (loss) before provision for income taxes	6,377,226	(1,563,476)
Provision for income taxes	(473,213)	(18,000)
Net income (loss)	$ 5,904,013	$ (1,581,476)
Basic & Diluted income (loss) per share:		
Basic net income (loss) per share	$ 0.06	$ (0.02)
Diluted net income (loss) per share	$ 0.06	$ (0.02)
Weighted average common shares outstanding:		
Basic	94,171,695	90,025,209
Diluted	97,452,397	90,025,209

See accompanying notes to these consolidated financial statements.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

Year Ended December 31, 2023

	Common Stock		Additional Paid-in	Accumulated	
	Shares	**Par Value**	**Capital**	**Deficit**	**Total**
Balance – January 1, 2023	93,087,796	$ 93,088	$ 61,188,442	$ (68,698,389)	$ (7,416,859)
Share based compensation expense	-	-	520,449	-	520,449
Stock issued for cashless exercise of options	422,311	422	(422)	-	-
Stock issued for cash exercise of options	850,000	850	208,650	-	209,500
Net income	-	-	-	5,904,013	5,904,013
Balance December 31, 2023	94,360,107	$ 94,360	$ 61,917,119	$ (62,794,376)	$ (782,897)

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

Year Ended December 31, 2022

	Common Stock		Additional Paid-in	Accumulated	
	Shares	Par Value	Capital	Deficit	Total
Balance – January 1, 2022	89,115,951	$ 89,116	$ 56,788,321	$ (67,116,913)	$ (10,239,476)
Share based compensation expense	-	-	282,367	-	282,367
Stock issued for cashless exercise of options	5,181	5	(5)	-	-
Stock issued for consulting services	500,000	500	159,500	-	160,000
Issuance of stock for compensation	3,250,000	3,250	122,417	-	125,667
Capital contribution for gain on extinguishment of secured note payable – related party	-	-	54,983	-	54,983
Capital contribution for gain on extinguishment of unsecured note payable – related party	-	-	3,722,743	-	3,722,743
Issuance of stock for exercise of options	216,664	217	58,116		58,333
Net loss	-	-	-	(1,581,476)	(1,581,476)
Balance December 31, 2022	93,087,796	$ 93,088	$ 61,188,442	$ (68,698,389)	$ (7,416,859)

See accompanying notes to these consolidated financial statements.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the year Ended December 31, 2023		For the year Ended December 31, 2022
Cash flows from operating activities				
Net income (loss)	$	5,904,013	$	(1,581,476)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Stock-based compensation – amortization of prepaid services		486,667		263,646
Stock-based compensation		33,782		408,034
Amortization of discount of notes payable		1,336,171		1,438,615
Amortization of debt issuance costs		-		79,188
Amortization of right to use assets		40,924		338,535
Amortization of patent rights		205,534		204,600
Depreciation expense		12,927		11,679
Impairment loss		219,707		-
Loss on change in fair value of profit share		11,209,677		801,517
Changes in operating assets and liabilities				
Accounts receivable		544,396		(1,762,554)
Inventory		195,967		84,270
Prepaid expenses and other assets		88,772		(59,030)
Accrued salaries		(58,542)		(494,952)
Accounts payable and accrued liabilities		(950,564)		679,124
Operating lease liability		(43,394)		(340,207)
Net cash provided by operating activities		19,226,037		70,989
Cash flows from investing activities				
Purchase of property and equipment		-		(10,727)
Net cash used in investing activities		-		(10,727)
Cash flows from financing activities				
Proceeds from exercise of stock options		209,500		58,333
Payments of equipment notes payable		-		(2,677)
Net cash provided by financing activities		209,500		55,656
Net increase in cash and cash equivalents		19,435,537		115,918
Cash and cash equivalents - beginning of period		1,504,225		1,388,307
Cash and cash equivalents - end of period	$	20,939,762	$	1,504,225
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid during the period for:				
Interest	$	19,721	$	52,643
Income taxes	$	-	$	-
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS				
Common stock issued for prepaid services	$	-	$	53,333
Common stock issued for consulting services	$	-	$	106,667

See accompanying notes to these consolidated financial statements.

MIDWEST ENERGY EMISSIONS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

Note 1 - Organization

Midwest Energy Emissions Corp.

Midwest Energy Emissions Corp. is organized under the laws of the State of Delaware.

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.

ME2C Sponsor LLC and ME2C Acquisition Corp.

ME2C Sponsor LLC is a limited liability company formed in the State of Delaware and is a wholly owned subsidiary of Midwest Energy Emissions Corp. and owns 85% of ME2C Acquisition Corp. A decision was made in January 2023 to liquidate these entities. As such, as of December 31, 2022, the Company wrote off the assets for these entities and recorded a $95,500 loss.

Note 2 - Liquidity and Financial Condition

Under ASC 205-40, *Presentation of Financial Statements—Going Concern*, 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. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which contemplate continuation of the Company as a going concern and realization of assets and satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of any uncertainties related to our going concern assessment.

As reflected in the consolidated financial statements, the Company had approximately $2.1 million in cash at December 31, 2023. In addition, the Company had cash provided by operating activities of $1.9 million for the year ended December 31, 2023, had working capital of $2.2 million and an accumulated deficit of $63 million at December 31, 2023.

The accompanying consolidated financial statements as of December 31, 2023 have been prepared assuming the Company will continue as a going concern. On October 28, 2022, the Company's principal lender agreed to extend the maturity date of all of its existing secured and unsecured debt in the principal amount of $13.4 million from October 31, 2022 to August 25, 2025 (see Note 7 - Related Party*)*. As a result, such liabilities have been classified as long-term liabilities in the accompanying consolidated financial statements as of December 31, 2023. Based upon such extension of the maturity date of such secured and unsecured debt, the Company's current cash position and revenues from operations, management believes substantial doubt regarding the Company's ability to continue as a going concern has been mitigated. The Company believes it will have sufficient working capital to fund operations for at least the next twelve months from the date of issuance of these financial statements.

Note 3 - Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying 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 promulgated by the United States Securities and Exchange Commission ("SEC").

Principles of Consolidation

The consolidated financial statements include the accounts of Midwest Energy Emissions Corp. and its wholly-owned subsidiaries, MES, Inc. and ME2C Sponsor LLC, and ME2C Acquisition Corp. which is 85% owned by ME2C Sponsor LLC (collectively, the "Company"). Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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, profit share liability, revenue recognition, allowance for doubtful accounts, stock-based compensation, income tax provisions, excess and obsolete inventory reserve and impairment of intellectual property. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For consolidated financial statement purposes, equipment is recorded at cost and depreciated using the straight-line method over their estimated useful lives of 2 to 5 years. Leasehold improvements are recorded at cost and depreciated using the straight-line method over the life of the lease.

Expenditures for repairs and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. Management reviews the carrying value of our property and equipment for impairment on an annual basis.

Intellectual Property

Intellectual property is recorded at cost and amortized over its estimated useful life of15 years. Management reviews intellectual property for impairment when events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. In the event that impairment indicators exist, a further analysis is performed and if the sum of the expected undiscounted future cash flows resulting from the use of the asset or asset group is less than the carrying amount of the asset or asset group, an impairment loss equal to the excess of the asset or asset group's carrying value over its fair value is recorded. Management considers historical experience and all available information at the time the estimates of future cash flows are made, however, the actual cash values that could be realized may differ from those that are estimated.

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 undiscounted cash flows.

The Company has evaluated the recoverability of the carrying value of the Company's property and equipment, right of use asset and intellectual property. After completing the assessment of property and equipment for impairment as of December 31, 2023, the Company recorded an impairment expense related to property and equipment of $219,707 which is included in Impairment loss in the Company's consolidated statements of operations and comprehensive income (loss). The expense was primarily related to the impairment of construction in process costs where management determined that the undiscounted future cash flows were not sufficient to recover the carrying value of these assets over the estimated useful life. No impairment charges were recognized for the year ended December 31, 2022.

Table of Contents

Stock-Based Compensation

We account for stock-based compensation awards in accordance with the provisions of ASC 718, Compensation-Stock Compensation, which requires equity-based compensation, be reflected in the consolidated financial statements over the period of service which is typically the vesting period based on the estimated fair value of the awards.

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.

Profit share liability was the only item measured at fair value on a recurring basis by the Company at December 31, 2023 and December 31, 2022. Profit share liability is considered to be Level 3.

Financial instruments include cash, accounts receivable, accounts payable, and short-term debt. The carrying amounts of these financial instruments approximated fair value at December 31, 2023 and December 31, 2022 due to their short-term maturities.

The fair value of the notes payable at December 31, 2023 and December 31, 2022 approximated the carrying amount as the notes were recently issued at interest rates prevailing in the market and interest rates as of December 31, 2023 and December 31, 2022. The fair value of the 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 notes.

The fair value of the profit share liability at December 31, 2023 and December 31, 2022 was calculated using a discounted cash flow model based on estimated future cash payments. The fair value of the profit share liability was determined on a Level 3 measurement. These values are determined using pricing models for which the assumptions utilized management’s estimates.

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

		Fair Value Measurement as of December 31, 2023		
	Total	**Level 1**	**Level 2**	**Level 3**
Liabilities:				
Profit share liability – related party (1)	$ 14,847,937	$ -	$ -	$ 14,847,937
Total Liabilities	$ 14,847,937	$ -	$ -	$ 14,847,937

		Fair Value Measurement as of December 31, 2022		
	Total	**Level 1**	**Level 2**	**Level 3**
Liabilities:				
Profit share liability – related party (1)	$ 3,638,260	$ -	$ -	$ 3,638,260
Total Liabilities	$ 3,638,260	$ -	$ -	$ 3,638,260

(1) See Note 7 - Related Party

Revenue Recognition

The Company records revenue in accordance with ASC 606, *Revenue from Contracts with Customers.* 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.

Disaggregation of Revenue

The Company generated revenue for the years ended December 31, 2023 and 2022 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 and (iv) licensing its technology to customers.

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.

The following table presents sales by operating segment disaggregated based on the type of product for the years ended December 31, 2023 and 2022. All sales were in the United States.

	December 31, 2023	December 31, 2022
Product revenue	$ 17,092,996	$ 20,644,438
License revenue	702,500	650,938
Demonstrations & Consulting revenue	90,000	108,000
Equipment revenue	54,874	216,777
	$ 17,940,370	$ 21,620,153

Accounts receivable and allowance for credit losses

Accounts receivable are presented net of an allowance for credit losses. The Company maintains allowances for credit losses. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer's payment history, its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collection.

Management believed that the accounts receivable were fully collectable and no allowance for credit losses was deemed to be required on its accounts receivable at December 31, 2023. The Company historically has not experienced significant uncollectible accounts receivable. As of December 31, 2023 and December 31, 2022, the Company's allowance for doubtful accounts was $0.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under FASB ASC 740,*Income Taxes*. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of December 31, 2023 and 2022. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is no longer subject to tax examinations by tax authorities for the years prior to 2019.

The Company may be subject to potential examination by federal, state, and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, and compliance with federal, state, and city tax laws. Management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

Basic and Diluted Income (Loss) Per Common Share

Income per share – basic is calculated by dividing net income by the weighted average number of shares of stock outstanding during the year, including shares issuable without additional consideration. Income per share – assuming dilution is calculated by dividing net income by the weighted average number of shares outstanding during the year adjusted for the effect of dilutive potential shares from options and warrants calculated using the treasury stock method and the if-converted method for preferred stock. There are 3,280,702 dilutive stock options and no dilutive warrants for the year ended December 31, 2023 as the Company reported net income for the period. There were no dilutive potential common shares for year ended December 31, 2022, because the Company incurred a net loss and basic and diluted losses per common share are the same.

We calculate basic earnings per share by dividing net income by the weighted-average number of $5,904,013 common shares outstanding during the reporting period. Diluted earnings per share reflects the effects of potentially dilutive securities. The summary of the basic and diluted earnings per share calculations for the years ended December 31, 2023 and 2022:

	2023	2022
Basic:		
Net Income (Loss)	$ 5,904,013	$ (1,581,476)
Weighted-average shares outstanding	94,171,695	90,025,209
Basic	$ 0.06	(0.02)

	2023	2022
Diluted:		
Net Income (Loss)	$ 5,904,013	$ (1,581,476)
Weighted-average shares outstanding	94,171,695	90,025,209
Effect of diluted securities – stock options	3,280,702	-
Weighted-average shares used in the calculation of diluted earnings per share	97,452,397	90,025,209
Diluted earnings (loss) per share	$ 0.06	$ (0.02)

Total common stock equivalents excluded from dilutive loss per share are as follows:

	December 31, 2023	December 31, 2022
Stock Options	9,650,000	18,876,912
Warrants	2,550,000	3,285,000
Total common stock equivalents excluded from dilutive loss per share	12,200,000	22,161,912

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 December 31, 2023 and 2022 is maintained at high-quality financial institutions and has not incurred any losses to date.

Customer and Supplier Concentration

For the year ended December 31, 2023, three customers represented28%, 23%, and 11% of the Company's revenues, and for the year ended December 31, 2022, four customers represented 21%, 16%, 13% and 11% of the Company's revenues.

At December 31, 2023, four customers represented 43%, 13%, 11% and 10% of the Company's accounts receivable, and at December 31, 2022, four customers represented 24%, 18%, 16% and 10% of the Company's accounts receivable.

For the year ended December 31, 2023,91% of the Company's purchases related to three suppliers. For the year ended December 31, 2022,84% of the Company's purchases related to three suppliers. At December 31, 2023 and 2022, 68% and 81% of the Company's accounts payable and accrued expenses related to two vendors, respectively. The Company believes there are numerous other suppliers that could be substituted should a 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

Issued in June 2021, FASB Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments* adds to U.S. GAAP an impairment model known as the current expected credit loss (CECL) model, which is based on expected losses rather than incurred losses. This guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early application of the amendments is permitted. Effective January 1, 2023, the Company adopted ASU No. 2016-13. The adoption of ASU No. 2016-13 did not have a material effect on the accompanying consolidated financial statements.

Note 4 - Inventory

Inventory was comprised of the following at December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Raw Materials	$ 200,496	$ 606,056
Spare Parts	17,912	90,374
Finished Goods	576,756	294,701
	$ 795,164	$ 991,131

Note 5 - Property and Equipment, Net

Property and equipment at December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Equipment & installation	$ 1,095,139	$ 1,095,140
Leasehold improvements	101,821	101,821
Trucking equipment	845,102	845,102
Office equipment, computer equipment and software	1,874	20,295
Total equipment	2,043,936	2,062,358
Less: accumulated depreciation	(2,035,978)	(2,041,473)
Construction in process	1,588,000	1,807,707
Property and equipment, net	$ 1,595,958	$ 1,828,592

The Company uses the straight-line method of depreciation over estimated useful lives of2 to 5 years. During the year ended December 31, 2023 and 2022 depreciation expense was $12,927, and $11,679, respectively.

At December 31, 2023, the Company concluded that Company's plant construction in process asset had become impaired based on the existing and anticipated future economic outlook. As a result, the Company impaired the asset to reduce the carrying value to fair value. Estimated fair value of the impaired long-lived asset is based on the estimated cost to replace the asset. As a result of the uncertain cash flows related to the Company's capitalized construction costs, the Company has recorded an impairment charge of $219,707. No impairment losses were recorded during the year ended December 31, 2022.

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. Under the terms of the Agreement, the Company has been granted an exclusive license by the Energy and Environmental Research Center Foundation 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 of all patent rights from the Energy and Environmental Research Center Foundation 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 the Energy and Environmental Research Center Foundation and296,002 were issued to the inventors who had been designated by the Energy and Environmental Research Center Foundation. The shares issued were valued at $518,000 ($0.56 per share), representing the value as of the closing date.

License and patent costs capitalized as of December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Licenses and patents	$ 3,068,995	$ 3,068,995
Less: Accumulated amortization	(1,364,932)	(1,159,398)
Intellectual property, net	$ 1,704,063	$ 1,909,597

Amortization expense for the year ended December 31, 2023 and 2022 was $205,534 and $204,600, respectively. Estimated annual amortization for each of the next 9 years is as follows:

Annual amortization for the years ended:	
December 31, 2024	$ 204,600
December 31, 2025	204,600
December 31, 2026	204,600
December 31, 2027	204,600
December 31, 2028	204,600
Thereafter	681,063
Total	$ 1,704,063

Note 7 - Related Party

Secured Note Payable

On November 29, 2016, pursuant to a restated financing agreement entered with AC Midwest Energy, LLC ("AC Midwest") on November 1, 2016, the Company closed on a secured note with AC Midwest (the "AC Midwest Secured Note"), which was to mature on December 15, 2018. AC Midwest is wholly-owned by a stockholder of the Company. The 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. On February 25, 2019, per Amendment No. 3 to the Amended and Restated Financing Agreement, AC Midwest extended the maturity date from December 15, 2018 to August 25, 2022.

On October 28, 2022, the Company, along with MES, and AC Midwest, executed Amendment No. 4 to the Amended and Restated Financing Agreement pursuant to which the maturity date of the AC Midwest Secured Note was extended to August 25, 2025. In addition, the interest rate on the remaining principal balance was reduced from 15.0% to 9.0% per annum. The Company has accounted for the extension as debt extinguishment with a related party. As such the Company recorded a capital contribution of $54,983 for the year ended December 31, 2022 on this exchange which is related to the difference in fair value of the note on the date of the exchange.

As of both December 31, 2023 and December 31, 2022, total principal of $271,686 was outstanding on this note. Interest expense for the years ended December 31, 2023 and 2022 was $43,955 and $38,557 respectively.

Amortized discount recorded as interest expense for the year ended December 31, 2023 and 2022 was $19,504 and $3,259, respectively. As of December 31, 2023 and 2022, the unamortized balance of the discount was $32,220 and $51,724 respectively, which is being expensed over the life of the loan.

Unsecured Note Payable

The Company has the following unsecured note payable - related party outstanding as of December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Unsecured note payable	$ 13,154,931	$ 13,154,931
Less fair value adjustment on extinguishment, net of amortized discount of $1,547,536 and $230,868, respectively	(2,175,208)	(3,491,875)
Total unsecured note payable	10,979,723	9,663,056
Less current portion	-	-
Unsecured note payable, net of current portion	$ 10,979,723	$ 9,663,056

On November 29, 2016, pursuant to a restated financing agreement entered with AC Midwest on November 1, 2016, the Company closed on an unsecured note with AC Midwest (the “AC Midwest Subordinated Note, 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 “AC Midwest Unsecured Note”), which represented the outstanding principal and accrued and unpaid interest at closing.

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 $6,916,687 should be recorded. This discount was based on an applicable market rate for unsecured debt for the Company of 21% and is being amortized as interest expense over the life of the loan.

In accordance with the Unsecured Note Financing Agreement, 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), and Equity Offering Net Proceeds as described below.

On August 30, 2022, AC Midwest agreed to an extension of the maturity date of the AC Midwest Unsecured Note (and AC Midwest Secured Note) from August 25, 2022 to September 30, 2022. Such extension was expected to provide the Company sufficient time in which to conclude the process of negotiating certain changes and modifications to such financing arrangements. On September 28, 2022, AC Midwest agreed to an additional short-term extension of such maturity date from September 30, 2022 to October 31, 2022. The Company has accounted for the extension as debt extinguishment with a related party. As such the Company recorded a capital contribution of $ 488,274 on this exchange which is related to the difference in fair value of the note on the date of the exchange.

On October 28, 2022, the Company, along with MES, and AC Midwest, executed Amendment No. 1 to Unsecured Note Financing Agreement (“Amendment No. 1”) pursuant to which the maturity date of the AC Midwest Unsecured Note was extended to August 25, 2025. In addition, the parties agreed that the Profit Share be increased by $4,500,000 from $13,154,931 (representing 1.0 times the original principal amount) to $17,654,931. The Company has accounted for the extension as debt extinguishment with a related party. As such the Company recorded a capital contribution of $3,234,469 on this exchange which is related to the difference in fair value of the note on the date of the exchange.

Amortized discount recorded as interest expense for the years ended December 31, 2023 and 2022 was $1,316,667 and $230,868, respectively. As of December 31, 2023 and 2022, the unamortized balance of the discount was $2,175,208 and $3,491,875 respectively, which is being expensed over the life of the loan.

Principal Payments and the Profit Share

In connection with the AC Midwest Unsecured Note 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. In addition, and pursuant to Amendment No. 1, the Company shall pay the principal outstanding and Profit Share in an aggregate amount equal to 75.0% of any Equity Offering Net Proceeds (as defined) until the Unsecured Note and Profit Share have been paid in full. 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 is utilizing the methodology behind the ASC 815, *Derivatives and Hedging* and ASC 480, *Distinguishing Liabilities from Equity* to determine how to account for the profit-sharing portion of the note payable. Although the transaction is not indexed to MEEC’s common stock the profit sharing has the characteristics of a freestanding financial instrument because the profit sharing is not callable by the lender, it will be paid out past the maturity of the Unsecured Note Payable and, the fair value will fluctuate over time based on payment predictions. The Profit Share was determined to have a fair value of $1,954,383 upon grant. The discounted cash flow model assumptions used at December 31, 2023 to calculate the Profit Share liability included: the projected full repayment of the profit share liability of $17,654,931 upon the receipt of Net Litigation Proceeds in 2025, and an annual market interest rate of 14.55%. The profit share liability will be marked to market every quarter utilizing management’s estimates.

The following are the changes in the profit share liability (the only Level 3 financial instrument) during the years ended December 31, 2023 and 2022:

Profit Share as of January 1, 2023	$ 3,638,260
Addition	-
Loss on change in fair value of profit share	11,209,677
Profit Share as of December 31, 2023	$ 14,847,937
Profit Share as of January 1, 2022	$ 2,836,743
Addition	-
Loss on change in fair value of profit share	801,517
Profit Share as of December 31, 2022	$ 3,638,260

Debt Repayment and Exchange Agreement

On June 1, 2021, the Company, along with MES, entered into a Debt Repayment and Exchange Agreement with AC Midwest, which was expected to repay all existing secured and unsecured debt obligations presently held by AC Midwest (the “Debt Repayment Agreement”).

Pursuant to the Debt Repayment Agreement, the Company was at closing to repay the principal balance outstanding on the AC Midwest Secured Note in cash, together with any other amounts due and owing under such note and repay the outstanding debt under the AC Midwest Unsecured Note by paying and issuing a combination of cash and shares of common stock which AC Midwest had agreed to accept in full and complete repayment of the obligations thereunder.

At closing, and with regard to the AC Midwest Unsecured Note, the Company was to pay AC Midwest $6,577,465 in cash representing 50.0% of the aggregate outstanding principal balance of such note, and issue shares of common stock to AC Midwest in exchange for the remaining 50.0% of the aggregate outstanding principal balance at an exchange price equal to 100% of the offering price of common stock in the Qualifying Offering (as defined below). With regard to the Profit Share, at closing the Company was to pay AC Midwest $2,305,308 in cash representing the Profit Share Valuation, and issue shares of common stock for $4,026,568 representing the Adjusted Profit Share Valuation (as such terms are defined in the Debt Repayment Agreement) at the same exchange price indicated above. The Company agreed to provide certain registration rights with respect to the shares issued thereunder.

The closing was subject to various conditions including but not limited to the completion of an offering of equity securities resulting in net proceeds of at least $2.0 million by December 31, 2021, which was extended to June 30, 2022 (the "Qualifying Offering"). Such closing conditions were not met by June 30, 2022.

On October 28, 2022, the parties entered into a Termination Agreement pursuant to which the parties agreed to terminate the Debt Repayment Agreement with immediate effect and that none of the parties shall have any further responsibility or liability thereunder. On February 27, 2024, the Company entered into an Unsecured Debt Restructuring Agreement with AC Midwest which replaced and superseded the Unsecured Note Financing Agreement as described in Note 13.

Short term debt

On June 13, 2022, the Company entered into a promissory note in the amount of $250,000 with the Company's Chairman of the Board of Directors. The note bears interest at 6% and is due on the earlier of 90 days or the Company having cash of $1,200,000. The note was repaid in full in 2022. Interest expense for the year ended December 31, 2022 was $4,937.

Related Party Transactions

Kaye Cooper Kay & Rosenberg, LLP provides certain legal services to the Company and was paid $393,111 and $481,250 for the years ended December 31, 2023 and 2022, respectively, for legal services rendered and disbursement incurred. David M. Kaye, a Director of the Company, is a partner of the law firm. At December 31, 2023 and December 31, 2022, $33,333 and $25,000, respectively, was owed to the firm for services rendered.

In September 2022, the Company acquired a pickup truck from the Company's then Chief Financial Officer for the purchase price of $10,727 which the parties determined to be its fair market value.

On January 31, 2023, the Company entered into a License and Supply Agreement with Dakin Holdings Ltd., a company incorporated in Barbados ("Dakin"), effective as of January 1, 2023, pursuant to which Dakin has granted to the Company (i) a limited license to manufacture and produce for Dakin products comprising certain intellectual property owned by Dakin (the "Dakin IP"), and (ii) an exclusive license to commercialize the Dakin IP in the United States. In addition, the Company shall pay Dakin a license fee of $12,500 per month for a three-year period commencing as of the effective date and pay Dakin a royalty on all sales in the United States of the products comprising the Dakin IP made by the Company. Dakin is a company owned and controlled by the Company's Chief Executive Officer and President. Dakin charged $ 150,000 for license fees for the year ended December 31, 2023. As of December 31, 2023, license fees of $25,000 were owed to Dakin.

Note 8 - Operating Leases

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. The Company recorded a right of use asset and an operating lease liability of $145,267. This amount represents the difference between the value from the remaining lease and the extended lease.

For the years ended December 31, 2023 and 2022, the Company recorded an operating lease right of use asset and liabilities as follows:

	December 31, 2023	December 31, 2022
Right of use asset - operating lease	$ 10,639	$ 51,563
Current portion of operating lease liability	11,157	43,262
Operating lease liability	-	11,289

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

For the twelve months ended December 31,	
2024	11,250
Total	11,250
Less discount	(93)
Total lease liabilities	11,157
Less current portion	(11,157)
Operating lease obligation, net of current portion	$ -

The weighted average remaining lease term for operating leases is 0.25 years and the weighted average discount rate used in calculating the operating lease asset and liability is 5.0%. For the year ended December 31, 2023 and 2022, payments on lease obligations were $45,000 and $260,360 respectively, and amortization on the right of use assets was $40,924 and $338,535 respectively.

For the years ended December 31, 2023 and 2022, the Company's lease cost consists of the following components, each of which is included in costs and expenses within the Company's consolidated statements of operations:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Operating lease costs	$ 45,310	$ 338,535

Note 9 - Commitments and Contingencies

Fixed Price Contract

The Company's multi-year contracts with its commercial customers contain fixed prices for product. These contracts expire between 2023 and 2025 and expose the Company to the potential risks associated with rising material costs during that same period.

Legal proceedings

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

During 2020, each of the four major utility defendants in the above action filed petitions for Inter Partes Review with the United States Patent and Trademark Office, seeking to invalidate certain claims to the patents which are subject to the litigation.

Between July 2020 and January 2021, we entered into agreements with each of the four major utility defendants in such action which included certain monetary arrangements and pursuant to which we have dismissed all claims brought against each of them and their affiliates, and such parties have withdrawn from petitions for Inter Partes Review with the United States Patent and Trademark Office. Such agreements entered into with such parties provide each of them and their affiliates with a non-exclusive license to certain Company patents (related to the Company's two-part Sorbent Enhancement Additive (SEA®) process) for use in connection with such parties' coal-fired power plants.

Subsequently, and as a result of certain rulings by the Court, certain defendants were dismissed in the action, certain defendants were added and certain originally named defendants remained in the action. A jury trial was scheduled for November 13, 2023.

On November 9, 2023, the Company entered into a confidential binding term sheet with Arthur J. Gallagher & Co., and various of its affiliated entities (collectively "AJG"), and DTE Energy Resources LLC and various of its affiliated entities (collectively "DTE"), to resolve the patent litigation. Pursuant to the term sheet, all claims and counterclaims asserted by the parties in such patent litigation have been dismissed with prejudice, although such term sheet does not affect any other claim brought against the remaining CERT defendants. The financial aspects of the term sheet remain confidential pursuant to its terms.

In addition, effective November 9, 2023, Alistar Enterprises, LLC ("Alistar"), one of the remaining CERT defendants, entered into a settlement agreement with the Company which provided that all claims and counterclaims asserted in the action between the Company and Alistar be dismissed with prejudice. The financial terms of such settlement remain confidential.

Effective as of December 28, 2023, and in connection with the term sheet described above, the Company, along with its wholly-owned subsidiary, MES, Inc., and (a) Chem-Mod LLC ("Chem-Mod"), (b) Arthur J. Gallagher & Co. and AJG Coal, LLC, and (c) DTE Energy Co. and DTE Energy Resources, LLC, entered into a paid license of U.S. Patent No. 8,168,147, U.S. Patent No. 10,343,114, U.S. Patent No. 10,589,225, U.S. Patent No. 10,596,517 and U.S. Patent No. 10,668,430 and their foreign equivalents and related patent applications and patents, which licenses the use of refined coal or the Chem-Mod Solution in conjunction with activated carbon. This license applies to Chem-Mod and certain of its licensees, sub-licensees, and their customers, for the remaining term of such patents. By its terms, the license does not cover the use of activated carbon with coal that is not either refined coal or coal made by or for use with the Chem-Mod Solution in a manner authorized by the license. The parties to the license have mutually released all claims that any past use of the Chem-Mod Solution in connection with the production or use of refined coal with activated carbon by entities other than the CERT defendants and their customers infringes the asserted patents and related intellectual property, and all claims that could have been brought challenging the validity of such patents.

The remaining CERT defendants and their customers (for activities relating to the CERT defendants) are not included within the scope of the license. The Court has rescheduled the trial as to the claims against the remaining CERT defendants to begin on February 26, 2024.

Except for the foregoing disclosures, the Company is not presently aware of any other material pending legal proceedings to which the Company is a party or of which any of its property is the subject.

Litigation, including patent litigation, is inherently subject to uncertainties. As such, there can be no assurance that the Company will be successful in litigating and/or settling any of these claims.

Note 10 - Stock Based Compensation

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.

Stock based compensation consists of the amortization of common stock, stock options and warrants issued to employees, directors and consultants. For the years ended December 31, 2023 and 2022, stock-based compensation expense amounted to $520,449 and $671,681, respectively. Such expense is classified in selling, general and administrative expenses.

Common Stock

On May 31, 2022, and pursuant to a consulting agreement dated May 31, 2022 with a nonaffiliated third party, the Company issued 500,000 shares of common stock to such party as part of its compensation thereunder. These shares of common stock were valued at $160,000 in accordance with FASB ASC Topic 718. The fair value of the shares is being amortized to selling, general and administrative expenses within the Company's consolidated statements of operations over 12 months.

On May 31, 2022, the Company issued a total of 250,000 shares of common stock to two Directors. These shares of common stock were valued at $55,000 in accordance with FASB ASC Topic 718. The fair value of the shares was expensed in full on the issuance date.

On November 8, 2022, the Company issued a total of 3,000,000 shares of common stock to the Chief Executive Officer. These shares of common stock were valued at $960,000 in accordance with FASB ASC Topic 718. The fair value of the shares will be amortized as an expense over the vesting period. The expense for the years ended December 31, 2023 and 2022 was $486,667 and $70,667, respectively.

Stock Options

References herein to the "2014 Plan" mean the Company's 2014 Equity Incentive Plan, as amended, and references herein to the "2017 Plan" mean the Company's 2017 Equity Incentive Plan, as amended.

On January 24, 2022, the Company extended the expiration dates of certain fully expensed previously granted nonqualified stock options (which were due to expire in February 2022) which were granted to five individuals to acquire an aggregate of 700,000 shares of the Company's common stock under the 2014 Plan and 2017 Plan. Such extended options are exercisable at prices ranging from $1.15 to $1.20 per share, representing the original fair market value of the common stock on the dates of grant as determined under the applicable Equity Plan. The options are fully vested and exercisable and will now expire five years from their original expiration dates. Based on a Black-Scholes valuation model, these modified options were valued at $138,623, in accordance with FASB ASC Topic 718, which was expensed on the amendment date in selling, general and administrative expenses within the Company's consolidated statements of operations.

On February 2, 2022, the Company issued 5,181 shares of common stock to a certain option holder upon the cashless exercise of options to purchase an aggregate of 9,750 shares of common stock at exercise prices ranging from $0.20 to $0.33 per share based upon a market price of $0.54 per share as determined under the terms of the options.

On May 31, 2022, the Company granted nonqualified stock options to the Company's Senior Vice President and Chief Technology Officer, and to the Company's Vice President of Operations – nonqualified stock options to each acquire 500,000 shares of the Company's common stock; and to its then Chief Financial Officer – nonqualified stock options to acquire 100,000 shares of the Company's common stock. On such date, two other employees were also granted nonqualified stock options to each acquire 50,000 shares of the Company's common stock. All of such options were granted under the 2017 Plan and are exercisable at $0.21 per share, representing the fair market value of the common stock on the date of grant as determined under the 2017 Plan. The options are fully vested and exercisable and expire five years from their issuance date. Based on a Black-Scholes valuation model, these options were valued at $143,745, in accordance with FASB ASC Topic 718, which was expensed on the issuance date in selling, general and administrative expenses within the Company's consolidated statements of operations. The valuation assumptions included an expected duration of 2.5 years, volatility of 96.83%, discount rate of 2.62% and dividends of $0.

On February 1, 2023, the Company issued (i) 850,000 shares of common stock to the Company's Chairman of the Board upon a cash exercise of options to purchase an aggregate of 850,000 shares of common stock at exercise prices ranging from $0.19 to $0.27 per share or $209,500 in the aggregate, (ii) 110,000 shares of common stock to the Company's Chief Executive Officer upon a cashless exercise of an option to purchase 250,000 shares of common stock at an exercise price of $0.28 per share based upon a market price of $0.50 per share as determined under the terms of the option, and (iii) 155,000 shares of common stock to a director of the Company upon a cashless exercise of an option to purchase 250,000 shares of common stock at an exercise price of $0.19 per share based upon a market price of $0.50 per share as determined under the terms of the option.

On February 20, 2023, the Company issued 17,858 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 50,000 shares of common stock at an exercise price of $0.27 per share based upon a market price of $0.42 per share as determined under the terms of the option.

Between February 21, 2023 and February 23, 2023, the Company issued an aggregate of 29,022 shares of common stock to three employees and one former employee upon a cashless exercise of options to purchase an aggregate of 80,000 shares of common stock at an exercise price of $0.27 per share based upon market prices ranging from $0.42 to $0.43 per share as determined under the terms of the options.

On March 8, 2023, and pursuant to an advisor agreement dated March 1, 2023 with a nonaffiliated third party, the Company granted a nonqualified stock option under the 2017 Equity Incentive Plan to such third party to acquire 125,000 shares of the Company's common stock at an exercise price of $0.40 per share, representing the fair market value of the common stock on the date of grant as determined under the 2017 Equity Incentive Plan. Fifty percent of the option shall vest and become exercisable on September 1, 2023 and the remaining fifty percent shall vest and become exercisable on March 1, 2024. The option will expire five years after the date of grant. Based on a Black-Scholes valuation model, these options were valued at $30,933, in accordance with FASB ASC Topic 718. The fair value of the shares was being amortized to selling, general and administrative expenses within the Company's consolidated statements of operations over twelve months. The valuation assumptions included an expected duration of 2.9 years, volatility of 98%, discount rate of 4.71% and dividends of $0. On September 30, 2023, the advisor agreement was terminated resulting in 50.0% of the option remaining unvested and unexercisable.

On April 4, 2023, and pursuant to a consulting agreement effective April 1, 2023 with a nonaffiliated third party, the Company granted a nonqualified stock option under the 2017 Plan to such third party to acquire 250,000 shares of the Company's common stock at an exercise price of $0.39 per share, representing the fair market value of the common stock on the date of grant as determined under the 2017 Plan. Fifty percent of the option shall vest and become exercisable on October 1, 2023 and the remaining fifty percent shall vest and become exercisable on April 1, 2024. The option will expire five years after the date of grant. Based on a Black-Scholes valuation model, these options were valued at $59,690, in accordance with FASB ASC Topic 718. The fair value of the shares was being amortized to selling, general and administrative expenses within the Company's consolidated statements of operations over twelve months. The valuation assumptions included an expected duration of 2.9 years, volatility of 98%, discount rate of 3.60% and dividends of $0. On August 28, 2023, the consulting agreement was terminated resulting in the option remaining unvested and being deemed terminated.

On May 26, 2023, a new director was appointed to the Board of Directors and was granted a nonqualified stock option to acquire 125,000 shares of the Company's common stock exercisable at $0.41 per share. Fifty percent of the option shall vest and become exercisable on November 26, 2023 and the remaining fifty percent shall vest and become exercisable on May 26, 2024. The option will expire five years after the date of grant. Based on a Black-Scholes valuation model, these options were valued at $30,527, in accordance with FASB ASC Topic 718. The fair value of the shares is being amortized to selling, general and administrative expenses within the Company's consolidated statements of operations over twelve months. The valuation assumptions included an expected duration of 2.88 years, volatility of 97%, discount rate of 4.23% and dividends of $0.

On June 5, 2023, the Company issued 1,629 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 6,875 shares of common stock at an exercise price of $0.29 per share based upon a market price of $0.38 per share as determined under the terms of the options.

On June 6, 2023, the Company issued an aggregate of 3,426 shares of common stock to an employee upon a cashless exercise of options to purchase an aggregate of 7,655 shares of common stock at exercise prices ranging from $0.17 to $0.29 per share based upon a market price of $0.38 per share as determined under the terms of the options.

On June 7, 2023, the Company issued 1,352 shares of common stock to a director upon a cashless exercise of an option to purchase 6,250 shares of common stock at an exercise price of $0.29 per share based upon a market price of $0.37 per share as determined under the terms of the options.

On June 28, 2023, the Company issued (i) 5,213 shares of common stock to the Company's Chief Executive Officer upon a cashless exercise of options to purchase an aggregate of 24,687 shares of common stock at exercise prices ranging from $0.21 to $0.29 per share based upon a market price of $0.30 per shares as determined under the terms of the options, (ii) 4,125 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 13,750 shares of common stock at an exercise price of $0.21 per share based upon a market price of $0.30 per share as determined under the terms of the option, and (iii) 1,875 shares of common stock to a director upon a cashless exercise of an option to purchase 6,250 shares of common stock at an exercise price of $0.21 per share based upon a market price of $0.30 per share as determined under the terms of the options.

On July 3, 2023, the Board of Directors of the Company approved and adopted the Company's Amended and Restated 2014 Equity Incentive Plan and the Company's Amended and Restated 2017 Equity Incentive Plan which amended the Company's previously adopted 2014 Plan and 2017 Plans. Such amendments were made in accordance with the requirements of the TSX Venture Exchange. The 2014 Plan was first approved by the Board on January 10, 2014. The 2017 Plan replaced the 2014 Plan, which was terminated by the Board on April 28, 2017. As a result of such termination, no additional awards may be granted under the 2014 Plan but previously granted awards shall remain outstanding in accordance with their terms and conditions. There are 4,775,000 options and no other types of award outstanding under the 2014 Plan. The 2017 Plan was adopted by the Board on February 9, 2017. As amended by the Board on July 3, 2023, the maximum number of shares of common stock that may be issued under the 2017 Plan after July 3, 2023 is 14,078,459, and to the extent any award (or portion thereof) outstanding under the 2014 Plan expires, terminates or is cancelled, surrendered or forfeited for any reason on or after July 3, 2023, the shares of common stock subject to such award (or portion thereof) shall be added to and increase the foregoing limit, to a maximum of 4,775,000 additional shares of common stock.

On July 28, 2023, the Company issued (i) 8,007 shares of common stock to the Company's Chief Executive Officer upon a cashless exercise of an option to purchase 16,458 shares of common stock, (ii) 6,690 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 13,750 shares of common stock, and (iii) 3,041 shares of common stock to a director upon a cashless exercise of an option to purchase 6,250 shares of common stock. All of such options had an exercise price of $0.17 per share and such share issuances were based upon a volume weighted average price ("VWAP") of $0.3311 per share as determined under the terms of the options.

On September 29, 2023, the Company issued (i) 5,555 shares of common stock to the Company's Chief Executive Officer upon a cashless exercise of an option to purchase 16,458 shares of common stock, (ii) 4,641 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 13,750 shares of common stock, (iii) 2,109 shares of common stock to a director upon a cashless exercise of an option to purchase 6,250 shares of common stock, and (iv) 1,033 shares of common stock to an employee upon a cashless exercise of an option to purchase 3,062 shares of common stock. All of such options had an exercise price of $0.26 per share and such share issuances were based upon a VWAP of $0.3925 per share as determined under the terms of the options.

On October 30, 2023, the Company issued 1,450 shares of common stock to an employee upon a cashless exercise of an option to purchase 3,062 shares of common stock at any exercise price of $0.20 per share based upon a VWAP of $0.3799 per share as determined under the term of the options.

On October 31, 2023, the Company issued (i) 8,346 shares of common stock to the Company's Chief Executive Officer upon a cashless exercise of an option to purchase 16,458 shares of common stock, (ii) 6,973 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 13,750 shares of common stock, and (iii) 3,169 shares of common stock to a director upon a cashless exercise of an option to purchase 6,250 shares of common stock. All of such options had an exercise price of $0.20 per share and such share issuances were based upon a VWAP of $0.4058 per share as determined under the terms of the options.

On November 29, 2023, the Company issued 2,001 shares of common stock to an employee upon a cashless exercise of an option to purchase 3,062 shares of common stock at an exercise price of $0.33 per share based upon a VWAP of $0.9527 per share as determined under the term of the options.

On November 30, 2023, the Company issued (i) 9,104 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 13,750 shares of common stock at an exercise price of $0.33 per share, (ii) 4,138 shares of common stock to a director upon a cashless exercise of an option to purchase 6,250 shares of common stock at an exercise price of $0.33 per share, and (iii) 9,400 shares of common stock to a former employee upon a cashless exercise of options to purchase a total of 18,750 shares of common stock, with exercises prices of ranging from $0.25 to $0.33 per share. All of such share issuances were based upon a VWAP of $0.9768 per share as determined under the terms of the options.

On December 11, 2023, the Company issued (i)10,278 shares of common stock to the Company's Senior Vice President and Chief Technology Officer upon a cashless exercise of an option to purchase 13,750 shares of common stock, and (ii)4,672 shares of common stock to a director upon a cashless exercise of an option to purchase6,250 shares of common stock. All of such options had an exercise price of $0.25 per share and such share issuances were based upon a VWAP of $0.9902 per share as determined under the terms of the options.

On December 13, 2023, the Company issued2,204 shares of common stock to an employee upon a cashless exercise of an option to purchase3,062 shares of common stock at an exercise price of $0.25 per share based upon a VWAP of $0.8931 per share as determined under the term of the options.

A summary of stock option activity is presented below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
December 31, 2022	18,876,912	$ 0.50	2.31	246,666
Grants	500,000	0.40		
Expirations	(613,573)	0.32		
Exercised	(1,725,839)	0.24		
December 31, 2023	17,037,500	$ 0.53	1.47	6,970,750
Options exercisable at:				
December 31, 2023	16,975,000	0.53	1.47	6,938,875

The aggregate intrinsic value in the table above represents the total intrinsic value, based on the Company's closing stock price of $0.92 as of December 29, 2023 (the last trading day of the month of December 2023), which would have been received by the option holders had all option holders exercised their options as of that date.

Stock options exercised during the year ended December 31, 2023 include850,000 that were exercised for cash and875,839 which were a cashless exercise.

Note 11 - Warrants

The Company utilized a Black-Scholes options pricing model to value warrants at the issuance date. 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, a risk-free interest rate and the life of the warrant for the exercise period.

No warrants were issued or exercised during the years ended December 31, 2023 and 2022.

The following is a summary of the Company's warrant activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
December 31, 2022	3,285,000	$ 0.70	1.37	$ -
Grants	-	-	-	-
Expirations	(735,000)	(0.70)	-	-
Exercised	-	-	-	-
December 31, 2023	2,550,000	$ 0.70	0.60	$ -
Warrants exercisable at:				
December 31, 2023	2,550,000	$ 0.70	0.60	$ -

The following table summarizes information about common stock warrants outstanding at December 31, 2023:

Outstanding and Exercisable			
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
$ 0.70	2,550,000	0.60	$ 0.70

Note 12 – Taxes

Below is breakdown of the income tax provisions for the years ended December 31:

	2023	2022
Federal		
Current	$ -	$ -
Deferred	-	-
State and local		
Current	473,000	18,000
Deferred	-	-
Income tax provision	$ 473,000	$ 18,000

The expected tax expense (benefit) based on the statutory rate is reconciled with actual tax expense (benefit) as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
U.S. federal statutory rate	21.0%	21.0%
State taxes	9.8%	(2.6)%
Deferred tax asset adjustments	4.3%	0.1%
Non-deductible amortization of debt discount	-%	(20.9)%
Other non-deductible items	1.9%	-%
Non-taxable change in profit share liability	41.7%	(10.8)%
Change in valuation allowance	(70.3)%	12.0%
Income tax provision	8.4%	(1.2)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows at December 31:

	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	$ 2,751,000	$ 6,495,000
Stock based compensation	1,517,000	2,008,000
Other	186,000	23,000
Total deferred tax assets	4,454,000	8,526,000
Deferred tax liabilities:		
Property and equipment	-	(1,000)
Intangible assets	-	(98,000)
Total deferred tax liabilities	-	(99,000)
Valuation Allowance	(4,454,000)	(8,427,000)
Net deferred tax asset	$ -	$ -

As of December 31, 2023, the Company has U.S. federal net operating loss carryovers ("NOLs") of approximately $12,917,000 available to offset taxable net income in a given year of which $5,920,000 expires from 2034 through 2037 and $6,997,000 does not expire. The Company also has state NOL carryforwards of approximately $815,000 which start to expire in 2025. If not used, these NOLs may be subject to limitation under Internal Revenue Code Section 382 should there be a greater than 50% ownership change as determined under the regulations. The Company plans on undertaking a detailed analysis of any historical and/or current Section 382 ownership changes that may limit the utilization of the net operating loss carryovers.

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon future generation for taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all the information available, Management believes that significant uncertainty exists with respect to future realization of the deferred tax assets and has therefore established a full valuation allowance. For the years ended December 31, 2023 and 2022, the valuation allowance decreased by $3,973,000 and $188,000, respectively.

The Company evaluated the provisions of ASC 740-10 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740-10 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss carry forward or amount of tax refundable is reduced) for unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740-10.

There were no unrecognized tax benefits as of December 31, 2023. The Company is no longer subject to tax examinations by tax authorities for years prior to 2019. If applicable, interest costs related to the unrecognized tax benefits are required to be calculated and would be classified as "Other expenses – Interest" in the statement of operations. Penalties would be recognized as a component of "General and administrative." No interest or penalties on unpaid tax were recorded during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, no liability for unrecognized tax benefits was required to be reported. The Company does not expect any significant changes in its unrecognized tax benefits in the next year.

Note 13 - Subsequent Events

AC Midwest

On February 27, 2024, the Company entered into an Unsecured Debt Restructuring Agreement (the "Debt Restructuring Agreement") with AC Midwest which replaced and superseded the Unsecured Note Financing Agreement. See Note 7 – Related Party.

Pursuant to the Debt Restructuring Agreement, on February 27, 2024, the Company (i) paid AC Midwest $9,040,000 as a reduction in the outstanding principal balance of the Unsecured Note, (ii) issued to AC Midwest a new unsecured replacement note representing the remaining outstanding principal balance of the Unsecured Note in the principal amount of $4,114,931 (the "New Note"), and (iii) paid AC Midwest $275,625 representing the remaining principal balance under the Secured Note of $271,686 plus interest of $3,939. In addition, within 30 days, the Company would either facilitate the private sale to third parties of certain shares of common stock of the Company held by AC Midwest for a purchase price of no less than $960,000, which amount shall be applied as a credit against the principal balance due on the New Note dollar for dollar, or pay AC Midwest $960,000 toward the principal balance due on the New Note. The private sale of shares for the purchase price of $960,000 was completed on March 11, 2024. Any remaining principal balance on the New Note shall be due August 27, 2024 (the "Maturity Date"), which is six months from February 27, 2024. Until repaid in full, the New Note shall accrue interest at a rate equal to SOFR plus 2.0% per annum. The New Note completely replaces and supersedes the Unsecured Note, which shall be of no further force and effect.

In addition, pursuant to the Debt Restructuring Agreement, AC Midwest shall be entitled to a profit participation preference equal to $7,900,000 (the "Restructured Profit Share"). The Restructured Profit Share is "non-recourse" and shall only be paid from Net Litigation Proceeds (as defined in the Debt Restructuring Agreement) from claims relating to our intellectual property. Following the receipt of any Net Litigation Proceeds, we shall prepay any remaining principal balance of the New Note and pay the Restructured Profit Share in an amount equal to 75.0% of such Net Litigation Proceeds until the New Note and Restructured Profit Share have been paid in full. The Restructured Profit Share completely replaces and supersedes the terms and conditions of the Profit Share in the amount of $17,654,931 provided for in the Unsecured Note Financing Agreement, which shall be of no further force and effect. The Restructured Profit Share, if not paid in full on or before the Maturity Date, shall remain subject to the terms of the Debt Restructuring Agreement.

In addition to facilitating the private sale to third parties as described above, AC Midwest has granted the Company the exclusive right until December 31, 2024 to facilitate the sale of all or a portion of the remaining balance of the shares of common stock of the Company held by AC Midwest, which proceeds above a certain amount will be applied as a credit against the Restructured Profit Share dollar for dollar.

As a result of the repayment of the remaining principal balance under the Secured Debt, the Company and AC Midwest executed a Satisfaction and Discharge of Secured Debt confirming the cancellation of the Secured Note and that all of the obligations under the Restated Financing Agreement have been fully satisfied and discharged.

Patent Litigation

See "Note 10 – Commitments and Contingencies" for information on the patent litigation initiated by the Company in 2019. Following a five-day trial, on March 1, 2024, a federal jury in the U.S. District Court for the District of Delaware awarded a $57.1 million patent infringement verdict in favor of the Company against the remaining group of CERT defendants. Such group of affiliated defendants included multiple limited liability companies with refined coal industry operations, including CERT Operations II LLC, CERT Operations IV LLC, CERT Operations V LLC, and CERT Operations RCB LLC. The jury determined that these defendants infringed our patented technologies for mercury emissions and were liable for willful infringement, along with inducing and contributory infringement.

Other Subsequent Events

On January 15, 2024, the Company granted nonqualified stock options to certain directors, executive officers and employees to acquire an aggregate of 1,000,000 shares of the Company's common stock under the Company's 2017 Plan. The options granted are exercisable at $ 0.88 per share, representing the fair market value of the common stock on the date of grant as determined under the 2017 Plan. The options are fully vested and exercisable as of the date of grant and will expire five years thereafter. In addition, on such date, the Company granted 50,000 restricted share units ("RSUs") to another director pursuant to the 2017 Plan. The RSUs will vest one year from the date of grant on January 15, 2025. Once vested, each RSU represents the right to receive one share of the Company's common stock.

On February 27, 2024, the Company issued 9,285 shares of common stock to a former employee upon a cashless exercise of an option to purchase 18,750 shares of common stock covered by an option to purchase a total of 100,000 shares of common stock, with an exercise price of $0.27 per share. Such share issuance was based upon a VWAP of $0.9230 per share as determined under the terms of the option.

On March 28, 2024, the lease for the Company's warehouse space in Corsicana, Texas was extended for an additional five years from March 31, 2024 to March 31, 2029.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Report of Disclosure Controls and Procedures

Regulations under the Exchange Act require public companies to maintain “disclosure controls and procedures,” which are defined as controls and other procedures that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits 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. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have evaluated the effectiveness, the design and operations of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the principal executive officer and principal financial officer determined that as of December 31, 2023, the Company’s disclosure controls and procedures were ineffective as a result of material weaknesses in our internal control over financial reporting.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, the Company conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (COSO).

Our internal control over financial reporting is a process designed 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 in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Despite these controls, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, smaller reporting companies, like us, face additional limitations. Smaller reporting companies employ fewer individuals and can find it difficult to employ resources for complicated transactions and effective risk management. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

Our management, including our Chief Executive Officer and Principal Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, our management concluded our internal control over financial reporting was not effective as of December 31, 2023. The ineffectiveness of our internal control over financial reporting was due to the following material weaknesses which are indicative of 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.

This annual report does not include an attestation report of our registered public accounting firm regarding our internal controls over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act that permit us to provide only management's report in this annual report.

Despite the existence of the material weaknesses above, we believe that our consolidated financial statements contained in this Form 10-K 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

Except as discussed below, 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 fourth quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Material Weaknesses

In connection with our annual audit for the year ended December 31, 2023, management determined that controls as described above constitute material weaknesses in disclosure controls and procedures and internal control over financial reporting. As a result, it was determined that control deficiencies that constitutes material weaknesses in the design and operation of our internal control over financial reporting was present. Management believes that these material weaknesses did not have an effect on our financial results. However, management believes that the lack of these items results in ineffective internal controls, which could result in a material misstatement in our financial statements in future periods.

Remediation

During 2023, certain actions were taken to address certain aspects of the material weaknesses disclosed above. Effective as of March 1, 2023, we retained a certified public accountant to assist with bookkeeping and accounting services, and as of September 1, 2023, we hired a new financial consulting firm to assist us in bookkeeping and preparing financial statements for our SEC filings, assist us in evaluating our internal controls over financial reporting and assist us in other related matters. Such new firm has replaced the financial consulting firm which had been provided service to the Company since the fourth quarter of 2019 and such new firm has taken on additional responsibilities. In addition, as of November 1, 2023, we appointed a new Chief Financial Officer with over 15 years of experience in accounting and financial control for both private and publicly listed companies to provide fractional Chief Financial Officer services. We also have made efforts to strengthen our overall control environment by improving our documented internal control policies and staff training.

Although we believe that these efforts effectively strengthen our disclosure control processes and procedures, our management team intends to continue to actively plan for and implement additional control procedures to improve our overall control environment and expect these efforts to continue throughout 2024 and beyond. Due to the nature of the remediation process, the need to have sufficient resources to retain additional staff to devote to such efforts and further segregate duties, 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.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The following table sets forth certain information as of the date of this report about our executive officers and members of our board of directors.

Name	Age	Positions and Offices Held with the Company
Richard MacPherson	68	President, Chief Executive Officer, Secretary, Director
Christopher Greenberg	58	Chairman of the Board, Director
John Pavlish	65	Senior Vice President and Chief Technology Officer
James Trettel	55	Vice President of Operations
Fiona Fitzmaurice	42	Chief Financial Officer
David M. Kaye	69	Director
Troy Grant	50	Director

Executive Officers

Richard MacPherson has been a Director of the Company since June 2011, has served as President and Chief Executive Officer of the Company since March 2015 and was appointed as Secretary of the Company in June 2023. Mr. MacPherson is the founder of MES, Inc. (current subsidiary and operating company of the Company) and had been its Chief Executive Officer from 2008 until 2011. From 2011 to March 2015, Mr. MacPherson served as Vice President of Business Development of the Company. Since 2008, Mr. MacPherson has worked with industry leading scientists and engineers to bring the Company's technology from the R&D phase, through multiple product development stages, to the final commercialization phase, acting as the lead on all required initiatives and activities. He has been a senior-level executive in the services industry for over 25 years. Mr. MacPherson brings extensive start-up and business development knowledge, applied and proven through his corporate experience throughout the United States and Canada. He has worked in multiple industries, such as electric utilities, communications, and marketing, as well as in several entrepreneurial ventures in the communications, hospitality, geological, and real estate development industries. We believe that Mr. MacPherson's deep experience in business and strong leadership skills, coupled with being the founder of our operating subsidiary and his extensive knowledge of our technology, qualifies him to serve on our board.

John Pavlish has been Senior Vice President and Chief Technical Officer of the Company since November 2014. Prior to joining the Company, Mr. Pavlish was a Senior Research Advisor and the Director of the Center for Air Toxic Metals at the Energy & Environmental Research Center in Grand Forks, North Dakota. He has over 25 years of mercury-related experience and is regarded as an international expert on the topic of mercury. His primary areas of interest and expertise include research, technical consultation, and development of mercury control technologies, in particular, for coal combustion and gasification systems. He is an inventor of a number of patented mercury control technologies and has years of experience in development and testing of these technologies for commercial application. Over the last 20 years, he has spent much of his time evaluating the efficacy of a number of different mercury control technologies/approaches and their cost-competitiveness in the commercial market. Mr. Pavlish also has years of power plant experience and has worked for engineering/consulting company Black & Veatch, where he served as Unit Leader/System Engineer. Mr. Pavlish is a professional engineer, a member of the American Society of Mechanical Engineers, and a member of the Air & Waste Management Association. He serves on numerous professional and technical committees and is a U.S. Representative on the Mercury Emissions from Coal International Experts Working Group on Reducing Emissions from Coal and a member of the United Nations Environment Programme Global Mercury Partnership, Reduction of Mercury Releases from Coal Combustion. Mr. Pavlish has published over 200 papers, articles, and reports on various mercury-related topics and issues.

James Trettel has been Vice President of Operations since January 2014. Mr. Trettel possesses over 25 years of experience in the dry bulk material handling industry. During 2012 and 2013, he was the owner and operator of Solid Foundation Services, LLC, a firm specializing in deep foundation installations for the gas and oilfield industry, while providing technical consulting services to the Company. Prior to 2012, he provided project management and engineering duties for numerous multi-million dollar turn-key contracts while employed at Advanced Bulk and Conveying Inc. starting in 2004. Additionally, Mr. Trettel has overseen day to day operations for 14 years as the VP of J&B Industrial Sales Company Inc. of sales, systems, and engineering organization specializing in bulk material handling. Mr. Trettel has extensive field experience with systems operating in a large variety of industry sectors including coal fired utilities. Mr. Trettel graduated Cum Laude with a B.S. degree in Mechanical Engineering.

Fiona Fitzmaurice was appointed as Chief Financial Officer on November 1, 2023. She is a chartered accountant with over 15 years of experience in accounting and financial control for both private and publicly listed companies. She has significant experience as CFO for exploration companies and has been involved in numerous private placements, prospectus filings, flow-through financings and corporate audits. Ms. Fitzmaurice currently serves as CFO of the following companies: Exploits Discovery Corp. (CSE:NFLD) since December 2022; Digicann Ventures Inc. (CSE:DCNN) since October 2021; Provenance Gold Corp. (CSE:PAU) since May 2021; Pedro Resources Ltd. (TSXV:PED.H) since August 2020; and MacDonald Mines Exploration Ltd. (TSXV:BMK) since December 2019. She has also served as Controller of Noront Resources Ltd. (TSXV:NOT) from May 2015 to December 2022; CFO of Honey Badger Exploration Inc. (TSXV:TUF) from December 2019 to November 2020; CFO of Pasofino Gold Limited (TSXV:VEIN) from July 2017 to March 2020; and CFO of Mojave Jane Brands (CSE:JANE) from October 2017 to July 2019. Ms. Fitzmaurice currently holds a charted certified qualification from ACCA (Association of Chartered Certified Accountants) having received her certification in Ireland in 2008. She holds a bachelor's degree in accounting and finance from Athlone Institute of Technology, Ireland.

Directors

Please see the information regarding ***Richard MacPherson*** under "Executive Officers" above.

Christopher Greenberg has been a director of the Company since June 2013 and Chairman of the Board since December 2014. Beginning in 1997, Mr. Greenberg and his wife co-owned multiple Express Employment Professionals franchises. Express Employment Professionals is a staffing agency that provides full time and temporary job placement, human resources services and consulting. In 2003, Mr. Greenberg and his wife co-founded Global Safety Network, which grew into a leading, national provider of workforce risk management solutions. Mr. Greenberg served as its Chief Executive Officer from 2003 to May 2021. In 2015, Mr. Greenberg and his wife also co-founded Greenberg Enterprises, which provides business management and consulting services. Global Safety Network was sold in June 2022 and their final Express Employment Professionals franchise was sold in January 2023. These recent business sales have enabled Mr. Greenberg to devote additional time towards the growth of Greenberg Enterprises and its related entities. As an entrepreneur and operating Executive, Mr. Greenberg has demonstrated his ability to lead diverse professional teams to higher levels of achievement in a variety of highly competitive industries, cutting-edge markets, and fast-paced environments. He has strong business and technical qualifications with a track record of more than 30 years of hands-on experience in strategic planning, business development, project management, mergers and acquisitions, and partnerships. We believe that Mr. Greenberg's deep experience in business, along his strong entrepreneurial and executive management background, qualifies him to serve on our board.

David M. Kaye has been a director of the Company since June 2019 and acted as Secretary from December 2019 to June 2023. Mr. Kaye is an attorney and has been a partner in the law firm of Kaye Cooper Kay & Rosenberg, LLP, located in Roseland, New Jersey, since the firm's inception in February 1996. Since 1980, Mr. Kaye has been a practicing attorney in the New York City metropolitan area specializing in business, corporate, and securities matters. From March 2006 to June 2011, Mr. Kaye was a director of China Youth Media, Inc., resigning from such position effective with the merger between the Company with MES, Inc. which was completed in June 2011. From December 2000 to October 2009, Mr. Kaye also served on the Board of Directors of Dionics, Inc. Mr. Kaye received his B.A. from George Washington University (1976) and his J.D. from the Benjamin N. Cardozo School of Law, Yeshiva University (1979). We believe that Mr. Kaye's deep experience in business and transactional matters and working with public companies qualifies him to serve on our board.

*Troy Grant*has been a director of the Company since May 2023. Mr. Grant, a graduate from St. Francis Xavier University with a Bachelor of Commerce degree, has extensive experience in investment financing, predominantly focusing on raising significant funding across global platforms and management of strategic operations. For the past 10 years, his career has been dedicated to his role as Chief Executive Officer (CEO) with Elcora Advanced Materials Corp. (TSXV: ERA). Elcora was founded in 2011 and has been successfully structured as a vertically integrated battery material company with mining assets in Sri Lanka and Morocco. As CEO, in addition to responsibility for the overall strategic operations, including exploration, business development and implementation of the company vision, Mr. Grant works diligently to raise equity and advance assets. Mr. Grant also currently serves as a director and member of the Audit Committee of several publicly listed companies, including Elcora Advanced Materials Corp., i3 Interactive Inc. (CSE: BETS), Auxly Cannabis Group Inc. (TSX: XLY), and Cleantech Power Corp. (formerly, Alkaline Fuel Cell Power Corp.) (NEO: PWWR). We believe Mr. Grant's deep public company experience in Canada and his strong background in business and investment financing qualifies him to serve on our board.

There are no family relationships between any of the directors and executive officers of the Company.

Board of Directors

The Board of Directors has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board of Directors to the executive officers of the Company. The Board of Directors gives direction and guidance through the CEO to management and keeps management informed of its evaluation of the executive officers in achieving and complying with goals and policies established by the Board of Directors.

The Board of Directors exercises its independent supervision over management by its policies that (a) periodic meetings of the Board of Directors be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board of Directors. To facilitate open and candid discussion among its independent directors, such directors are encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

Composition of Our Board of Directors

Our Board currently consists of four members. There are no contractual obligations regarding the election of our directors. We do not currently have a standing nominating committee and the functions of identifying, evaluating, and selecting candidates for the Board are performed by the Board as a whole. The Board will, from time to time, assesses potential candidates to fill perceived needs on the Board based on required skills, expertise, independence and other factors. In considering whether to nominate any particular candidate for election to the Board, the Board uses various criteria to evaluate each candidate, including the candidate's ability to further the interest of the stockholders through their established record of professional accomplishment, the ability to contribute positively to the collaborative culture among Board members, knowledge of our business, understanding of the competitive landscape, professional and personal experiences, and expertise relevant to our growth strategy. The Board does not set specific minimum qualifications or assign specific weights to particular criteria and no particular criterion is a prerequisite for a prospective nominee. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

Audit Committee

The Audit Committee is comprised of Christopher Greenberg, David M. Kaye, and Troy Grant. The Audit Committee's charter requires that such committee shall consist of no fewer than three directors. Each member of the Audit Committee shall be an independent director of the Company if required to satisfy the independence requirements of any exchange on which the Company's securities may be listed and any other applicable regulatory requirements. If the Company's securities are listed on the TSXV, a majority of the members of the Audit Committee must be individuals who are not officers, employees, or control persons of the Company, or any of its associates or affiliates. The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibility by reviewing the accounting and financial reporting processes of the Company and its subsidiaries, our internal control and disclosure control system, and the audits of our financial statements. In this regard, the Audit Committee shall approve our retention of independent auditors and pre-approve any audit or non-audit services performed by them. It shall review with such accountants the arrangements for, and the scope of, the audit to be conducted by them. It also shall review with the independent accountants and with management the results of audits and various other financial and accounting matters affecting us.

Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, of any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board, at least one member of the Audit Committee shall be a "financial expert", as defined by applicable rules of the Securities and Exchange Commission and such securities exchange or market on which the Company's securities are traded.

The full text of our audit committee charter is posted on the investor relations portion of our website at http://www.me2cenvironmental.com. We do not incorporate the information contained on, or accessible through, our corporate website into this report, and you should not consider it a part of this report.

Other Committees

The Board of Directors has no committees at the present time other than the Audit Committee.

Separation of CEO and Chairman Roles

The Board does not have a formal policy regarding the separation of the roles of CEO and Chairman of the Board as the Board believes it is in the best interest of the Company and our stockholders to make that determination based on the position and direction of the Company and the membership of the Board. At this time, the Board has determined that separating the role of Chairman from the role of CEO is in the best interest of the Company and our stockholders. This structure permits our President and CEO to devote more time to focus on the strategic direction and management of our day-to-day operations.

Risk Oversight

It is management's responsibility to manage risk and bring to the Board's attention the most material risks to the Company. The Board has oversight responsibility of the processes established to report and monitor systems for material risks applicable to the Company. The full Board, or the committees, if any, appointed by the Board, shall regularly review enterprise-wide risk management, which includes treasury risks, financial and accounting risks, legal and compliance risks, and other risk management functions.

Ethical Business Conduct

Directors of Delaware corporations are subject to the fiduciary duties of care and loyalty which includes the subsidiary duties of good faith, oversight and disclosure. The Board of Directors has found that the fiduciary duties placed on individual directors by applicable laws and legal requirements have helped to ensure that the Board of Directors operates independently of management and in the best interests of the Company.

In addition, the Board of Directors has adopted a written code of ethics and business conduct (the "Code of Conduct"), which outlines a set of ethical standards by which each director, officer and employee of the Company should conduct his or her business. The objective of the Code of Conduct is to provide guidelines for maintaining our commitment to honesty, integrity, and ethical behavior. The Code of Conduct addresses conflicts of interest, protection of our assets, confidentiality, fair dealing with customers, suppliers, competitors and employees, insider trading, compliance with laws, and reporting any illegal or unethical behavior. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to our best interests or that may give rise to real, potential, or the appearance of conflicts of interest. Our Board of Directors will have ultimate responsibility for the stewardship of and monitoring compliance with the Code of Conduct. Directors, officers, and employees may be required periodically to review the Code of Conduct and acknowledge in writing their understanding of and compliance with the Code. Our Code of Business Conduct and Ethics reflects the foregoing principles. A copy of the Code of Conduct is available free of charge to any person on written or telephone request to Midwest Energy Emissions Corp., 1810 Jester Drive, Corsicana, Texas 75109 or (614) 505-6115.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of the code of ethics and business conduct applicable to our Chief Executive Officer and Chief Financial Officer by posting such information on our website http://www.me2cenvironmental.com.

Financial Experts

The Board of Directors has not appointed any directors as "audit committee financial experts" as defined under Item 407 of Regulation S-K promulgated pursuant to the Securities Exchange Act of 1934, as amended, insofar that our common stock is not presently a listed security in the United States.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and owners of more than ten percent of the Company's Common Shares ("10% stockholders"), to file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of Common Shares of the Company. Executive officers, directors and 10% stockholders are required by SEC regulations to furnish the Company with copies of all forms they file pursuant to Section 16(a).

To the Company's knowledge, based on review of the copies of such reports furnished to the Company, and with respect to the officers and directors, representations that no other reports were required, during the year ended December 31, 2023, all Section 16(a) filing requirements applicable to its executive officers, directors and 10% stockholders were complied with.

Item 11. Executive Compensation.

The following discussion relates to the compensation of our named executive officers, as determined under applicable SEC rules for smaller reporting companies like us, for the years ended December 31, 2023 and 2022, consisting of Richard MacPherson, our President and Chief Executive Officer, John Pavlish, Senior Vice President, and James Trettel, Vice President of Operations.

Fiscal Year 2023 and 2022 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (4)	Option Awards ($) (4)	All Other Compensation ($) (5)	Total ($)
Richard MacPherson,	2023	495,000	-	486,667	-	105,314	1,086,981
President and Chief Executive Officer, Director (1)	2022	411,667	-	70,667	-	39,361	521,695
John Pavlish,	2023	415,000	-	-	-	38,262	453,262
Senior Vice President (2)	2022	330,000	-	-	69,838	19,100	418,938
James Trettel,	2023	400,000	-	-	-	21,533	421,533
Vice President of Operations (3)	2022	316,667	-	-	159,279	17,000	492,946

(1) Mr. MacPherson was appointed President and Chief Executive Officer in March 2015. From January 1, 2017 to October 31, 2022, Mr. MacPherson's annual base salary was $395,000. From November 1, 2022 to December 31, 2023, Mr. MacPherson's annual base salary was $495,000. Since January 1, 2024, Mr. MacPherson's annual base salary has been $745,000. Mr. MacPherson is currently employed pursuant to a three-year employment letter agreement which was entered into on January 29, 2019, and effective January 1, 2019, which after such three-year term will automatically renew for successive one-year periods unless otherwise terminated by either party prior to the next applicable renewal period. Mr. MacPherson's base salary may be increased from time to time at the discretion of the Board, and Mr. MacPherson shall also be entitled to participate in all corporate 401(k) programs and health benefit plans instituted by the Company and be eligible to receive bonus compensation, if any, as the Company shall from time to time determine. On January 14, 2024, the Board awarded Mr. MacPherson bonus compensation of $250,000. Mr. MacPherson shall also be entitled to participate in any stock option and incentive plans adopted by the Company. During 2022, Mr. MacPherson was granted a retention stock bonus award in the amount of 3,000,000 shares of common stock. Such award was granted on November 8, 2022. So long as Mr. MacPherson remains in the continuous employ of the Company, the shares shall vest according to the following: 25.0% shall vest six months from the date of grant, and another 25.0% shall vest on each subsequent six-month anniversary of the date of grant so that the stock award is fully vested two years from the date of grant. Any unvested shares shall be forfeited immediately when Mr. MacPherson is no longer in the continuous employ of the Company, unless due to death, disability or a change in control.

(2) Mr. Pavlish was appointed Senior Vice President in November 2014. The Company and Mr. Pavlish entered into an employment agreement effective as of November 16, 2014. Pursuant to his employment agreement, Mr. Pavlish agreed to be employed by the Company as Senior Vice President. From January 1, 2017 to December 31, 2022, Mr. Pavlish's annual base salary was $330,000. From January 1, 2023 to December 31, 2023, Mr. Pavlish's annual base salary was $415,000. Since January 1, 2024, Mr. Pavlish's annual base salary has been $480,000. Mr. Pavlish's base salary may be increased from time to time at the discretion of the Board, and Mr. Pavlish shall also be entitled to participate in all corporate 401(k) programs and health benefit plans instituted by the Company and be eligible to receive bonus compensation, if any, as the Company shall from time to time determine. On January 14, 2024, the Board awarded Mr. Pavlish bonus compensation of $50,000. Mr. Pavlish shall also be entitled to participate in any stock option and incentive plans adopted by the Company. During 2022, Mr. Pavlish was granted a five-year nonqualified stock option to acquire 500,000 shares of common stock exercisable at $0.21 per share.

(3) Mr. Trettel was appointed Vice President of Operations in January 2014. Mr. Trettel is also entitled to participate in all corporate 401(k) programs and health benefit plans instituted by the Company and is eligible to receive bonus compensation, if any, as the Company shall from time to time determine. From January 1, 2017 to October 31, 2022, Mr. Trettel's annual base salary was $300,000. From November 1, 2022 to December 31, 2023, Mr. Trettel's annual based salary was $400,000. Since January 1, 2024, Mr. Trettel's annual base salary has been $500,000. On January 14, 2024, the Board awarded Mr. Trettel bonus compensation of $100,000. Mr. Trettel's base salary may be increased from time to time at the discretion of the Board, and Mr. Trettel is also entitled to participate in any stock option and incentive plans adopted by the Company. During 2022, Mr. Trettel was granted a five-year nonqualified stock option to acquire 500,000 shares of common stock exercisable at $0.21 per share.

(4) Represents the dollar amount recognized for consolidated financial statement reporting purposes of restricted stock awards and stock option awards granted to the executive officers computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023. The dollar amount shown in the "Stock Awards" column for Mr. MacPherson reflects the grant date fair values recognized in 2022 and 2023 for the retention stock award granted in November 2022 which is subject to a vesting schedule. The full amount for the entire grant is reflected in the table below. The dollar amounts shown in the "Option Awards" column for Mr. Pavlish and Mr. Trettel reflect the grant date fair value recognized for stock options granted in 2022 plus the compensation expense associated with the extension of the expiration dates of certain stock options which extensions were authorized in January 2022. There can be no assurance the amounts determined in accordance with FASB ASC Topic 718 will ever be realized. The following table provides information concerning the restricted stock awards and stock options granted to the executive officers:

Name	**Year**	**Stock Awards (#)**	**FASB ASC Topic 718 Value ($)**	**Stock Options (#)**	**FASB ASC Topic 718 Value ($)**	**Extension of Stock Options (#)**	**FASB ASC Topic 718 Value ($)**
Richard MacPherson	2023	-	-	-	-	-	-
	2022	3,000,000	960,0000	-	-	-	-
John Pavlish	2023	-	-	-	-	-	-
	2022	-	-	500,000	59,900	50,000	9,938
James Trettel	2023	-	-	-	-	-	-
	2022	-	-	500,000	59,900	500,000	99,379

(5) The amounts shown for 2023 and 2022 in the "All Other Compensation" column are comprised of the following:

Name	Year	401k Match ($)	Life Insurance Premiums ($)	Auto Allowance ($)	Perquisites and Other Benefits ($) (1)
Richard MacPherson	2023	-	56,350	28,155	20,809
	2022	-	-	25,809	13,552
John Pavlish	2023	13,047	-	-	25,215
	2022	12,200	-	-	6,900
James Trettel	2023	15,533	-	-	6,000
	2022	12,200	-	-	4,800

(1) The amount for each of Messrs. MacPherson, Pavlish and Trettel includes $6,000 for a home office allowance in 2023 and $4,800 for a home office allowance in 2022. The amount for each of Messrs. MacPherson and Pavlish in 2023 also includes $14,809 and $5,075, respectively, for medical expense reimbursement in 2023 and $8,752 and $2,100, respectively, for medical expense reimbursement in 2022. In addition, the amount for Mr. Pavlish in 2023 includes a gross up for taxes of $14,140 in connection with the exercise of stock options.

Outstanding Equity Awards as of December 31, 2023

The following table sets forth certain information about the number of unexercised nonqualified stock options and unearned stock awards held as of December 31, 2023 by each executive named in the Summary Compensation Table. There were no stock options exercised during fiscal 2023 by such executives.

	Option Awards				Stock Awards	
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of shares or units of stock that have not vested (#)	Market value of shares of units or stock that have not vested ($) (1)
Richard MacPherson	250,000	-	0.81	06/28/2024	1,500,000	1,380,000
	750,000	-	1.20	06/28/2024	-	-
	1,500,000	-	0.27	06/28/2024	-	-
	500,000	-	0.19	07/08/2025	-	-
	500,000	-	0.58	12/14/2025	-	-
	750,000	-	0.78	11/22/2026	-	-
John Pavlish	2,000,000	-	0.74	06/28/2024	-	-
	1,000,000	-	0.45	06/28/2024	-	-
	50,000	-	1.15	02/10/2027	-	-
	600,000	-	0.27	06/28/2024	-	-
	500,000	-	0.19	07/08/2025	-	-
	500,000	-	0.58	12/14/2025	-	-
	500,000	-	0.78	11/22/2026	-	-
	500,000	-	0.21	05/31/2027	-	-
James Trettel	250,000	-	0.42	06/28/2024	-	-
	500,000	-	1.15	02/10/2027	-	-
	1,000,000	-	0.27	06/28/2024	-	-
	500,000	-	0.19	07/08/2025	-	-
	500,000	-	0.58	12/14/2025	-	-
	500,000	-	0.78	11/22/2026	-	-
	500,000	-	0.21	05/31/2027	-	-

(1) The market value of the stock awards that have not vested is calculated using the closing price of $0.92 of our common stock on December 29, 2023, the last trading day of 2023.

Other Benefits

Our executive officers are eligible to participate in all of our employee benefit plans, such as medical and dental, our employee stock purchase plan, and our 401(k) plan, in each case on the same basis as other employees, subject to applicable law, should such benefits exist. Our 401(k) plan allows eligible employees to defer a portion of their compensation before federal income tax to a qualified trust. All employees who are at least 21 years of age are eligible to participate in the 401(k) plan. The participants may choose from nineteen investment options for the investment of their deferred compensation. In addition, we match 100% of each participant's salary deferral, for the first 4% of their salary, with a cash contribution. For the years ended December 31, 2023 and 2022, we contributed $55,487 and $61,678, respectively, to the 401(k) plan. We also provide vacation and other paid holidays to all employees, including our executive officers, which are comparable to those provided at peer companies. Certain other perquisites and benefits are provided to our executive officers as reflected in the tables above.

Policies Regarding Recovery of Awards

Our board has not adopted a policy that requires us to make retroactive adjustments to any cash or equity-based incentive compensation paid to executive officers (or others) where the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement. However, we may implement a clawback policy in accordance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the regulations that will be issued under that act.

Tax and Accounting Treatment of Compensation

Section 162(m) of the Internal Revenue Code places a limit of $1.0 million per person on the amount of compensation that we may deduct in any one year with respect to our Chief Executive Officer and certain of our other executive officers. While the board of directors considers deductibility factors when making compensation decisions, the board also looks at other considerations, such as providing our executive officers with competitive and adequate incentives to remain with us and increase our business operations, financial performance, and prospects, as well as rewarding extraordinary contributions.

We account for equity compensation paid to our employees under the rules of FASB ASC Topic 718, which requires us to estimate and record an expense for each award of equity compensation over the service period of the award. Accounting rules also require us to record cash compensation as an expense at the time the obligation is accrued. We have not tailored our executive compensation program to achieve particular accounting results.

Policies on Ownership, Insider Trading, Hedging, and 10b5-1 Plans

We do not have formal stock ownership guidelines for our employees or directors, because the board of directors is satisfied that stock and option holdings among our employees or directors, are sufficient at this time to provide motivation and to align this group's interests with those of our stockholders. In addition, we believe that stock ownership guidelines are rare in companies at our stage, which means that ownership requirements would put us at a competitive disadvantage when recruiting and retaining high-quality executives.

We have established an insider trading policy which provides guidelines to officers, directors and employees with respect to transactions in the Company's securities. The Company's insider trading policy prohibits certain actions by such individuals relating to buying and selling common stock of the Company, and discourages certain other actions in other situations. Such individuals are authorized to enter into trading plans established according to Section 10b5-1 of the Exchange Act with an independent broker-dealer. Under these plans, the individual must not exercise any influence over the amount of the securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Such plans provide a defense from insider trading liability. As of December 31, 2023, no director or named executive officer had a trading plan in place.

Stockholder Advisory Vote on Executive Compensation

Our Company held an advisory vote on executive compensation in 2023 and intends to take such action annually. The Board intends to periodically reevaluate our executive compensation philosophy and practices in light of our performance, needs and developments, including the outcome of future non-binding advisory votes by our stockholders.

Director Compensation Table for Year Ended December 31, 2023

The following table sets forth information regarding the compensation for 2023 of each non-executive member of the board of directors:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($) (1)	Total ($)
Christopher Greenberg	100,000	-	-	100,000
David M. Kaye	-	-	-	-
Troy Grant	37,500	-	30,527	68,027

(1) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. For a discussion of valuation assumptions, see Note 10 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023. There can be no assurance the amounts determined in accordance with FASB ASC Topic 718 will ever be realized. The following table provides information concerning the stock options granted to the Directors for 2023:

Name	Stock Options (#)	FASB ASC Topic 718 Value
Christopher Greenberg	-	-
David M. Kaye	-	-
Troy Grant	125,000(1)	30,527

(1) On May 26, 2023, Mr. Grant was granted a non-qualified stock option to acquire 125,000 shares of the Company's common stock exercisable at $0.41 per share, representing the fair market value of the common stock as of the date of grant. Fifty percent of the option shall vest and become exercisable on November 26, 2023 and the remaining fifty percent shall vest and become exercisable on May 26, 2024. The option will expire five years after the date of grant.

For 2023, Mr. Greenberg's compensation for serving as Chairman of the Board was $100,000. As of December 31, 2023, $50,000 of Mr. Greenberg's cash compensation remained unpaid. Mr. Kaye was not paid any cash compensation for service on the Board in 2023. Troy Grant, who was appointed to the Board on May 26, 2023, was paid $37,500 for his service on the Board during 2023. All directors are reimbursed for their reasonable out-of-pocket expenses incurred in connection with their duties to the Company.

Effective as of January 1, 2024, Mr. Greenberg shall be paid $150,000 per year for serving as Chairman of the Board, and each of Mr. Kaye and Mr. Grant shall be paid $75,000 annually for serving on the Board.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information known to us regarding beneficial ownership of our common stock as April 16, 2024 by:

- each person or group of affiliated persons known by us to be the beneficial owner of more than five percent of our capital stock;
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The column entitled “Percentage of Shares Beneficially Owned” is calculated based on 94,369,392 shares of common stock outstanding as of April 16, 2024.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities as well as any shares of common stock that the person has the right to acquire within 60 days of April 16, 2024 through the exercise of stock options or other rights. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them.

Except as otherwise noted below, the address for persons listed in the table is c/o the Company at 1810 Jester Drive, Corsicana, Texas 75109.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned (8)
Richard MacPherson	16,367,947(1)	16.55%
Christopher Greenberg	6,230,533(2)	6.55%
John Pavlish	6,847,243(3)	6.84%
James Trettel	4,286,935(4)	4.36%
David M. Kaye	750,356(5)	*
Troy Grant	275,000(6)	*
Alterna Core Capital Assets Fund II, L.P., et al	9,300,000(7)	9.85%
All current directors and executive officers as a group (7 persons)	34,783,014	31.61%

* Less than one percent of the outstanding shares of common stock of the Company.

(1) Includes 11,817,947 shares owned by Mr. MacPherson and 4,550,000 shares which Mr. MacPherson has the right to acquire upon exercise of options. 3,000,000 of such shares owned by Mr. MacPherson were issued to him pursuant to a retention stock bonus award granted on November 8, 2022. So long as Mr. MacPherson remains in the continuous employ of the Company, the shares shall vest according to the following: 25.0% shall vest six months from the date of grant, and another 25.0% shall vest on each subsequent six-month anniversary of the date of grant so that the stock award is fully vested two years from the date of grant. Any unvested shares shall be forfeited immediately when Mr. MacPherson is no longer in the continuous employ of the Company, unless due to death, disability or a change in control.

(2) Includes 5,422,533 shares owned by Mr. Greenberg, 5,000 shares owned by Mr. Greenberg with his wife, 3,000 shares owned by Mr. Greenberg's wife, and 800,000 shares which Mr. Greenberg has the right to acquire upon exercise of options.

(3) Includes 1,097,243 shares owned by Mr. Pavlish and 5,750,000 shares which Mr. Pavlish has the right to acquire upon exercise of options.

(4) Includes 136,935 shares owned by Mr. Trettel, 200,000 owned by Mr. Trettel's wife, and 3,950,000 shares which Mr. Trettel has the right to acquire upon exercise of options.

(5) Includes 275,356 shares owned by Mr. Kaye and 475,000 shares which Mr. Kaye has the right to acquire upon exercise of options.

(6) Includes 150,000 shares owned by Mr. Grant and 125,000 shares which Mr. Grant has the right to acquire upon exercise of options. Does not include 50,000 shares underlying 50,000 restricted share units ("RSUs") which will vest one year from the date of grant on January 15, 2025.

(7) Represents 9,300,000 shares owned and based solely upon and according to information reported in filings made to the SEC, jointly filed by and on behalf of certain reporting persons identified below (the "Reporting Persons"). The Reporting Persons are Alterna Core Capital Assets Fund II, L.P., Alterna Capital Partners LLC, Alterna General Partner II LLC, AC Midwest Energy LLC, Eric M. Press, Roger P. Miller, and Earle Goldin. The address for the Reporting Persons is 10 Corporate Drive, Suite 2204, Bedford, NH 03110.

(8) Applicable percentage ownership for each stockholder is based on 94,369,392 shares of common stock outstanding as of April 16, 2024 plus any securities that stockholder has the right to acquire within 60 days of April 16, 2024 pursuant to options, warrants, conversion privileges, or other rights. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock that a person has the right to acquire beneficial ownership of upon the exercise or conversion of options, convertible stock, warrants, or other securities that are currently exercisable or convertible or that will become exercisable or convertible within 60 days of April 16, 2024 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Other than the compensation agreements and other arrangements described under Item 11. Executive Compensation and the transactions described below, since January 1, 2023, there has not been and there is not currently proposed, any transaction or series of similar transactions to which we were, or will be, a party in which the amount involved exceeded, or will exceed, the lesser of (i) $120,000 or (ii) one percent of the average of our total assets for the last two completed fiscal years, and in which any director, executive officer, holder of five percent or more of any class of our capital stock, or any member of the immediate family of, or entities affiliated with, any of the foregoing persons, had, or will have, a direct or indirect material interest.

On February 27, 2024, we entered into an Unsecured Debt Restructuring Agreement (the "Debt Restructuring Agreement") with AC Midwest Energy LLC ("AC Midwest") which replaced and superseded the Unsecured Note Financing Agreement and Reaffirmation of Guaranty entered into with AC Midwest on February 25, 2019, as amended on October 28, 2022 (the "Unsecured Note Financing Agreement").

Pursuant to the Unsecured Note Financing Agreement, prior to February 27, 2024, AC Midwest was the holder of an unsecured note with a principal amount outstanding of $13,154,930.61 which was issued on February 25, 2019 (the "Unsecured Note"). The Unsecured Note was scheduled to mature on August 25, 2025 and bears a zero cash interest rate. Pursuant to the Unsecured Note Financing Agreement, AC Midwest was also entitled to a "non-recourse" profit participation preference equal to $17,654,930.60 (the "Profit Share"). Prior to maturity, the outstanding principal, as well as the Profit Share, were to be paid from Net Litigation Proceeds from claims relating to the Company's intellectual property, Net Revenue Share, Adjusted Free Cash Flow and Equity Offering Net Proceeds (as such terms are defined in the Unsecured Note Financing Agreement). Any remaining principal balance due on the Unsecured Note would 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 would remain subject to the Unsecured Note Financing Agreement until full and final payment.

Prior to February 27, 2024, there also remained outstanding to AC Midwest a principal balance of $271,686.10 due under a secured noted of the Company issued on November 29, 2016 in the original principal amount of $9,646,686, which had a maturity date of August 25, 2025 (the "Secured Note"). The Secured Note had been issued pursuant to an Amended and Restated Financing Agreement and Reaffirmation of Guaranty, dated as of November 1, 2016, as amended on June 14, 2018, September 12, 2019, February 25, 2019 and October 28, 2022 (the "Restated Financing Agreement").

Pursuant to the Debt Restructuring Agreement, on February 27, 2024, we (i) paid AC Midwest $9,040,000 as a reduction in the outstanding principal balance of the Unsecured Note, (ii) issued to AC Midwest a new unsecured replacement note representing the remaining outstanding principal balance of the Unsecured Note in the principal amount of $4,114,930.60 (the "New Note"), and (iii) paid AC Midwest $275,625.55 representing the remaining principal balance under the Secured Note of $271,686.10 plus interest of $3,939.45. In addition, within 30 days, we would either facilitate the private sale to third parties of certain shares of common stock of the Company held by AC Midwest for a purchase price of no less than $960,000, which amount shall be applied as a credit against the principal balance due on the New Note dollar for dollar, or pay AC Midwest $960,000 toward the principal balance due on the New Note. The private sale of shares for the purchase price of $960,000 was completed on March 11, 2024. Any remaining principal balance on the New Note shall be due August 27, 2024 (the "Maturity Date"), which is six months from February 27, 2024. Until repaid in full, the New Note shall accrue interest at a rate equal to SOFR plus 2.0% per annum. The New Note completely replaces and supersedes the Unsecured Note, which shall be of no further force and effect.

In addition, pursuant to the Debt Restructuring Agreement, AC Midwest shall be entitled to a profit participation preference equal to $7,900,000 (the "Restructured Profit Share"). The Restructured Profit Share is "non-recourse" and shall only be paid from Net Litigation Proceeds (as defined in the Debt Restructuring Agreement) from claims relating to our intellectual property. Following the receipt of any Net Litigation Proceeds, we shall prepay any remaining principal balance of the New Note and pay the Restructured Profit Share in an amount equal to 75.0% of such Net Litigation Proceeds until the New Note and Restructured Profit Share have been paid in full. The Restructured Profit Share completely replaces and supersedes the terms and conditions of the Profit Share in the amount of $17,654,930.60 provided for in the Unsecured Note Financing Agreement, which shall be of no further force and effect. The Restructured Profit Share, if not paid in full on or before the Maturity Date, shall remain subject to the terms of the Debt Restructuring Agreement.

In addition to facilitating the private sale to third parties as described above, AC Midwest has granted the Company the exclusive right until December 31, 2024 to facilitate the sale of all or a portion of the remaining balance of the shares of common stock of the Company held by AC Midwest, which proceeds above a certain amount will be applied as a credit against the Restructured Profit Share dollar for dollar.

As a result of the repayment of the remaining principal balance under the Secured Debt, we and AC Midwest executed a Satisfaction and Discharge of Secured Debt confirming the cancellation of the Secured Note and that all of the obligations under the Restated Financing Agreement have been fully satisfied and discharged.

AC Midwest beneficially owns, or controls or directs, directly or indirectly, 9.86% of the outstanding shares of our common stock.

Kaye Cooper Kay & Rosenberg, LLP provides certain legal services to the Company and was paid $393,111 for the year ended December 31, 2023 for legal services rendered. David M. Kaye, a Director of the Company, is a partner of the law firm.

On January 31, 2023, we entered into a License and Supply Agreement with Dakin Holdings Ltd., a company incorporated in Barbados ("Dakin"), effective as of January 1, 2023 (the "Dakin Agreement"), pursuant to which Dakin has granted to the Company (i) a limited license to manufacture and produce for Dakin products (the "Dakin Products") comprising certain intellectual property owned by Dakin as described below (the "Dakin IP"), and (ii) an exclusive license to commercialize the Dakin IP in the United States. Dakin is a company owned and controlled by Richard MacPherson, the Company's Chief Executive Officer and President. The Dakin Agreement is for a term of ten years unless terminated earlier under certain circumstances as set forth therein. Under the Dakin Agreement, Dakin shall purchase from the Company 100% of Dakin's requirements for the Dakin Products containing the Dakin IP for all sales of the Dakin Products outside of the United States, subject to the availability of the products from the Company, at a pricing formula set forth in the Dakin Agreement. The Company shall pay Dakin a license fee of $12,500 per month for a three-year period commencing as of the effective date, and pay Dakin a royalty on all sales of the Dakin Products made by the Company in the United States. The Company has also agreed to provide Dakin with technical support as requested by Dakin at such technical support rates set forth in the Dakin Agreement subject to adjustment. The Dakin IP consists of a proprietary compound of materials engineered to treat a boiler to improve the combustion process and thereby reduce overall emissions, while improving boiler efficiency during the combustion of all types of fuels at power plants.

Director Independence

The Board consists of four members, three of whom are viewed as being independent within the meaning of Canadian National Instrument 58-101 –*Disclosure of Corporate Governance Practices* ("NI 58-101"). For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with the Company, as defined in NI 58-101. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company. Christopher Greenberg, David M. Kaye and Troy Grant are independent for the purposes of NI 58-101. Richard MacPherson is not independent for the purposes of NI 58-101 as he is also an executive officer of the Company.

In addition, although our securities are not listed on any U.S. national securities exchange, the Board has also determined that Christopher Greenberg, David M. Kaye and Troy Grant qualify as independent within the meaning of Section 303A.02 of the NYSE Listed Company Manual.

Item 14. Principal Accounting Fees and Services.

Independent Registered Public Accounting Firm's Fees

The following table sets forth the fees billed or billable by Rosenberg Rich Baker Berman, P.A., our principal accountants effective as of September 11, 2023, and Marcum LLP, our former principal accountants, for audit and non-audit services rendered to us relating to 2023 and 2022. These fees are categorized as audit fees, audit-related fees, tax fees, and all other fees. The nature of the services provided in each category is described following the table.

	Year Ended December 31, 2023	Year Ended December 31, 2022
Principal Accounting Fees		
Audit fees (1)	$ 233,151	$ 178,870
Audit-related fees (2)	$ 12,875	$ 0
Tax fees	$ 0	$ 0
All other fees	$ 0	$ 0
Total aggregate fees	$ 246,026	$ 178,870

(1) The aggregate audit fees billed or expected to be billed for professional services rendered by Rosenberg Rich Baker Berman, P.A., our principal accountants effective as of September 11, 2023, for the audit of our consolidated financial statements included in our annual report on Form 10-K and review of our interim consolidated financial statements included in quarterly reports, and other services normally provided in connection with statutory and regulatory filings was $131,000 for the year ended December 31, 2023. The aggregate audit fees billed for professional services rendered by Marcum LLP, our former principal accountants, for the audit of our consolidated financial statements included in our annual report on Form 10-K and review of our interim consolidated financial statements included in quarterly reports, and other services normally provided in connection with statutory and regulatory filings was $102,151 and $178,870 for the years ended December 31, 2023 and 2022, respectively.

(2) The aggregate fees billed for audit-related professional services rendered by Marcum LLP consisting of work performed in connection with transitioning of auditors and review of workpapers was $12,875 for the year ended December 31, 2023.

All fees described above were pre-approved by the Board.

Pre-Approval Policies and Procedures of the Audit Committee

The audit committee has not set any pre-approval policies and procedures as of December 31, 2023.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The financial statements identified below and required by Part II, Item 8 of this Form 10-K are set forth above.

(1) Financial Statements

Report of Independent Registered Public Accounting Firms
Consolidated Balance Sheet as of December 31, 2023 and 2022
Consolidated Statements of Operations for Years Ended December 31, 2023 and 2022
Consolidated Statements of Stockholders' Equity (Deficit) for Years Ended December 31, 2023 and 2022
Consolidated Statements of Cash Flows for Years Ended December 31, 2023 and 2022
Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

All other schedules have been omitted because of the absence of the conditions under which they are required or because the required information, where material, is shown in the financial statements or the notes thereto.

(3) Exhibits.

Exhibit	Description	Filed Herewith	Form	Incorporated by Reference Filing Date
3.1	Certificate of Incorporation and amendments thereto through November 25, 2014		10-K	03/20/2015
3.2	Amended and Restated By-laws		8-K	03/20/2015
4.1	Description of Securities		10-K	05/14/2020
10.1	Closing Agreement by and among Midwest Energy Emissions Corp., MES, Inc. and Energy & Environmental Research Center Foundation effective as of April 21, 2017		10-Q	08/21/2017
10.2	Assignment of Patents by and between Energy & Environmental Research Center Foundation and Midwest Energy Emissions Corp. dated April 24, 2017		10-Q	08/21/2017
10.3	Amended and Restated Employment Letter Agreement between Richard MacPherson and Midwest Energy Emissions Corp. dated January 29, 2019		10-K	04/11/2019
10.4	Employment Agreement between John Pavlish and Midwest Energy Emissions Corp. dated November 16, 2014		8-K	11/20/2014
10.5	Repurchase Option Agreement between Midwest Energy Emissions Corp. and AC Midwest Energy LLC dated as of October 28, 2022		8-K	11/02/2022
10.6	License and Supply Agreement among Dakin Holdings Ltd., Midwest Energy Emissions Corp. and MES, Inc. dated as of January 31, 2023		8-K	02/03/2023
10.7	Midwest Energy Emissions Corp. Amended and Restated 2014 Equity Incentive Plan		8-K	07/06/2023
10.8	Midwest Energy Emissions Corp. Amended and Restated 2017 Equity Incentive Plan		8-K	07/06/2023
10.9	Form of Option Award Agreement (2017 Equity Incentive Plan)		10-K	04/17/2018
10.10	Unsecured Debt Restructuring Agreement among Midwest Energy Emissions Corp., MES, Inc. and AC Midwest Energy LLC dated as of February 27, 2024		8-K	03/04/2024
10.11	Unsecured Replacement Note dated February 27, 2024		8-K	03/04/2024
10.12	Satisfaction and Discharge of Secured Debt among Midwest Energy Emissions Corp., MES, Inc. and AC Midwest Energy LLC dated as of February 27, 2024		8-K	03/04/2024
14.1	Code of Ethics		10-K	05/15/2023
21.1	Subsidiaries of the registrant		10-K	04/11/2019
31.1	Certification by Principal Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act	☒		
31.2	Certification by Principal Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act	☒		
32.1	Certification by Principal 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 Principal 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.INS	Inline XBRL Instance Document			
101.SCH	Inline XBRL Taxonomy Extension Schema Document			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document			
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)			

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: April 16, 2024	By: */s/ Richard MacPherson* Richard MacPherson President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacity and on the dates indicated.

Signature	Title	Date
/s/ Richard MacPherson Richard MacPherson	President, Chief Executive Officer and Director (Principal Executive Officer)	April 16, 2024
/s/ Fiona Fitzmaurice Fiona Fitzmaurice	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	April 16, 2024
/s/ Christopher Greenberg Christopher Greenberg	Chairman of the Board and Director	April 16, 2024
/s/ David M. Kaye David M. Kaye	Director	April 16, 2024
/s/ Troy Grant Troy Grant	Director	April 16, 2024

EXHIBIT 31.1

CERTIFICATION

I, Richard MacPherson, certify that:

1. I have reviewed this annual report on Form 10-K 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 officer(s) 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 subsidiary, 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: April 16, 2024

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

EXHIBIT 31.2

CERTIFICATION

I, Fiona Fitzmaurice, certify that:

1. I have reviewed this annual report on Form 10-K 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 officer(s) 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 subsidiary, 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: April 16, 2024

By: */s/ Fiona Fitzmaurice*
Fiona Fitzmaurice
Chief Financial Officer
(Principal Financial Officer)

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 Annual Report of Midwest Energy Emissions Corp. (the “Company”) on Form 10-K for the period ended December 31, 2023, 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: April 16, 2024

By: */s/ Richard MacPherson*
Richard MacPherson
President and Chief 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 Annual Report of Midwest Energy Emissions Corp. (the “Company”) on Form 10-K for the period ended December 31, 2023, 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: April 16, 2024

By: *<u>/s/ Fiona Fitzmaurice</u>*
Fiona Fitzmaurice
Chief Financial Officer
(Principal Financial Officer)