Risk Factors Comparison 2024-03-28 to 2023-03-09 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Investing in our common stock involves a high degree of risk. Before purchasing our common stock, you should read and consider carefully the following risk factors as well as all other information contained in this report, including our consolidated financial statements and the related notes. Each of these risk factors, either alone or taken together, could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our common stock. There may be additional risks that we do not presently know of or that we currently believe are immaterial, which could also impair our business and financial position. If any of the events described below were to occur, our financial condition, our ability to access capital resources, our results of operations and / or our future growth prospects could be materially and adversely affected and the market price of our common stock could decline. As a result, you could lose some or all of any investment you may make in our common stock. Risks Relating to Our Business **and Operations** We have a limited operating history and limited revenue producing operations and are currently undertaking a reset of our business strategy. Therefore, it is difficult for potential investors to evaluate our business. We formed our corporation in June 2014. From inception through December 31, ~~2022~~ **2023** , we generated a total of $ 11. 7 million of revenue, all of which was derived primarily from the sale of lead compounds and plastics and, to a lesser extent, the sale of lead bullion and AquaRefined lead, and all but approximately $ ~~285~~ **310** , 000 of which was derived prior to ~~the November 2019 fire~~ **January 1, 2020** at our former LAB recycling facility ~~at TRIC~~ . ~~Following~~ **In** the **last** ~~TRIC fire, we chose to~~ **two years** ~~suspend all plant- based revenue producing operations~~ , **the** ~~entered into a lease- to- buy agreement with respect to TRIC and have shifted our~~ business ~~model to~~ **has been** ~~focus~~ **focused** ~~exclusively~~ on **completing** ~~the licensing of our AquaRefining technology to partners engaged in LAB recycling. We also commenced~~ the research and development of the application of our AquaRefining technology to the recycling of lithium- ion batteries **and operating a lithium- ion recycling pilot plant** . Based upon our success to date in recovering high value metals from lithium- ion batteries using our AquaRefining technology, we have commenced the development of a five- acre recycling campus designed to process up to 10, 000 tonnes of lithium- ion battery material annually. While we intend to continue to pursue our licensing business model, the development of our lithium- ion battery recycling facility represents a significant change in our business strategy and course of operations. As of the date of this report, we ~~have estimated~~ - **estimate** that we will begin to realize revenues from lithium- ion battery recycling **in 2024** ~~within the coming year~~ , however we are unable to estimate when we expect to commence any meaningful commercial or revenue producing operations from either our licensing model or our lithium- ion battery recycling facility. Our limited operating history makes it difficult for potential investors to evaluate our technology or prospective operations and we are, for all practical purposes, an early- stage company subject to all the risks inherent in the initial organization, financing, expenditures, complications **,** and delays in a new business, including, without limitation: • our ability to successfully apply, and realize the expected benefits of applying, our AquaRefining technology to the plating of high value metals found in lithium- ion batteries, including cobalt, nickel, and copper; • the timing and success of our plan of commercialization and the fact that we have not entered into a commercial license for our AquaRefining technology and only have recently commenced the ~~development~~ **build out** of our lithium- ion recycling facility; • our ability to successfully develop our proposed lithium- ion recycling facility; • our ability to demonstrate that our AquaRefining technology can recycle either LABs or lithium- ion batteries on a commercial scale; and • our ability to license our AquaRefining process and sell our AquaRefining equipment to ~~ACME Metal Enterprise Co., Ltd and other~~ recyclers of LABs and lithium- ion batteries. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability **.We will need** additional financing to execute our business plan and fund operations,which additional financing may not be available on reasonable terms or at all.As of December 31, ~~2022~~ **2023** ,we had total cash of $ ~~7~~ **16** . ~~1~~ **5** million and working capital of $ ~~10~~ **13** . ~~9~~ **7** million.As of the date of this report,we believe that we ~~may~~ **will** require additional capital in order to fund our current level of ongoing costs and our proposed business plan over the next 12 months as we move forward with our business strategy.We intend to acquire the necessary capital though ~~the possible sale of certain equipment and assets at TRIC.However,there can be no assurance that we will be able to acquire proceeds from the sale of TRIC in amounts sufficient to fund the capital requirements or,if we are successful,that we will not require additional capital.If needed,we may seek funding through the sale of equity or~~ debt financing **or through the sale of equity** .Funding that includes the sale of our equity may be dilutive.If such funding is not available on satisfactory terms,we may be unable to further pursue our business plan and we may be unable to **continue operations,in which case you may lose your entire investment.The report of our independent registered public accounting firm for the year ended December 31,2023 states that there is substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued** . We recently commenced the development of a lithium- ion recycling facility, however we are in the early stages of developing the facility and there can be no assurance that we will be able to successfully develop the facility or, if we do, realize the expected benefits of the facility. In January 2023, we announced our plans to conduct the phased development of a five- acre recycling campus in the Tahoe- Reno Industrial Center, or TRIC, in McCarran, Nevada. The facility is designed, when fully developed, to process up to 10, 000 tonnes of lithium- ion battery material each year using our proprietary AquaRefining technology. **On February 1** ~~As of the date of this report~~ , **2023,** we ~~entered into~~ **closed on the acquisition financing** ~~an~~ **and purchased** ~~agreement to acquire~~ the five- acre site, plus the existing 21, 000 square foot building, and ~~have obtained~~ **as noted elsewhere, in third quarter of 2023 we raised** a **net of $ 22. 9 million from the sale of our common stock. We believe the net proceeds will allow us to**

commence the Phase One build- out of the facility. However, we will need additional financing to complete the build- out of Phase One, which we intend to pursue through conventional non- **dilutive loans, potential government backed debt offerings, government grants** ~~binding letter of intent with a mortgage lender that we have worked with in the past to acquire the necessary financing for~~ - **or through** the **sale of** ~~property purchase. Subsequent to year end, we closed on the acquisition financing and the property was purchased on February 1, 2023. However, we have no agreements, understandings or~~ **our** ~~arrangements~~ **common stock via our current** at **-** ~~this time for our acquisition of the financing required to build out phase one and there~~ -- **the- market offering** ~~can be no assurance will be able to acquire such financing in a timely manner, or at all~~ . Subject to our receipt of development financing on a timely basis, we expect to complete development of ~~phase~~ **Phase** ~~one~~ **One** , including all equipment installation, by the end of **first half of** ~~2023~~ **2024** and to commence operations at the new campus in the ~~first quarter~~ **second half** of 2024. However, there can be no assurance we will be able to do so **. Our business is dependent upon our successful implementation of novel technologies and processes and there can be no assurance that we will be able to implement such technologies and processes in a manner that supports the successful commercial roll- out of our business model. While much of the technology and processes involved in battery recycling operations are widely used and proven, our AquaRefining process is largely novel and, to date, has been demonstrated on a modest scale of operations. While we have shown that our proprietary technology can produce AquaRefined metals from batteries on a small scale, we have not processed recycled batteries on a commercial scale. We recently commenced the development of a five- acre recycling campus designed to process lithium- ion batteries, however there can be no assurance that we will be able to complete the development of the recycling facility or, if we are able to do so, that we will be able to successfully process lithium- ion batteries on a commercial scale. In this regard, as we developed our LAB recycling facility at TRIC during 2018 and 2019, there can be no assurance that we will not encounter unforeseen complications as we pursue our revised business model. Our business model is new and has not been proven by us or anyone else. We are engaged in the business of producing recycled lead from LABs and high value metals from lithium- ion batteries through a novel, and proven on a modest scale, technology. While the production of recycled batteries is an established business, to date virtually all recycled metals have been produced by way of traditional smelting processes. To our knowledge, no one has successfully produced recycled batteries in commercial quantities other than by way of smelting. In addition, neither we nor anyone else has ever successfully built a production line that commercially recycles batteries without smelting. Further, there can be no assurance that either we will be able to produce AquaRefined metals from batteries in commercial quantities at a cost of production that will provide us with an adequate profit margin. The uniqueness of our AquaRefining process presents potential risks associated with the development of a business model that is untried and unproven** . We have initiated the research and development of the application of our AquaRefining technology to the recycling and recovery of lithium- ion batteries, however there can be no assurance that our efforts will be successful. In September 2021, we announced the establishment of our Innovation Center, in McCarran, Nevada, focused on applying our AquaRefining technology to lithium- ion battery recycling research and development and prototype system activities. **In** ~~Earlier in~~ 2021, we filed a provisional patent for recovering high- value metals from recycled lithium- ion batteries to complement the patents for AquaRefining. ~~In~~ **At** the **end** ~~fourth quarter~~ of 2022 **and throughout 2023** , we successfully recovered ~~copper~~ **all valuable materials** from spent lithium ~~- ion~~ batteries at production scale using our AquaRefining technology **:** ~~and we are currently applying our technology to the recovery of the other high value metals in lithium- ion batteries, including~~ lithium hydroxide, **copper,** nickel, cobalt, and manganese dioxide. ~~However, we have only recently begun~~ **We also operated our pilot plant throughout 2023. We are continuing** our efforts to ~~recover lithium hydroxide~~ **improve our Li AquaRefining process; however** , ~~nickel, cobalt, and manganese dioxide from recycled lithium- ion batteries, and~~ there can be no assurance that our efforts will be successful or that we will be able to conduct the recycling and recovery of the high value metals from lithium- ion batteries on a commercial scale. Our business strategy includes licensing arrangements and entering into joint ventures and strategic alliances, however as of the date of this report we have no such agreements in place and there can be no assurance we will be able to do so. Failure to successfully integrate such licensing arrangements, joint ventures, or strategic alliances into our operations could adversely affect our business. We propose **, as one of our business strategies,** to commercially exploit our AquaRefining process ~~primarily~~ by licensing our technology to third parties and entering into joint ventures and strategic relationships with parties involved in the manufacture and recycling of ~~LABs, and, lithium- ion~~ batteries ~~, including ACME Metal Enterprise Co~~ . **We** ~~, Ltd., among others. In July 2021, we entered into an agreement with ACME Metal Enterprise Co., Ltd to deploy and potentially license our AquaRefining equipment at ACME' s LAB recycling facility in Keelung, Taiwan. The agreement provides for a phased deployment of our AquaRefining technology at ACME' s Taiwan facility, the joint development of processing AquaRefined briquettes into battery ready oxide material and potentially an exclusive license of our AquaRefining technology to ACME for all of Taiwan. Although we~~ are **also** currently seeking to negotiate agreements with others **. However** , ~~as of the~~ **there can be** ~~date of this report, we have not~~ - **no** ~~entered into any such~~ **assurance we will be able to conclude a** licensing ~~, joint venture or strategic alliance agreements, apart from our~~ agreement with ~~ACME~~ **any partners** , **or** ~~and there can be no assurance~~ that we will be able to do so on terms that benefit us **. In 2023** , ~~if~~ **we exited our proposed collaboration with LINICO by way of the sale of our LINICO common stock to LINICO' s parent, Comstock Inc., and we ceased the development of recycling operations** at ~~all~~ **the Taiwan facilities of ACME Metals** . Our ability to enter into licensing, joint ventures and strategic relationships with third parties will depend on our ability to demonstrate the technological and commercial advantages of our AquaRefining process, of which there can be no assurance. Also, even if we are able to enter into licensing, joint venture or strategic alliance agreements, there can be no assurance that we will be able to obtain the expected benefits of any such arrangements. In addition, licensing programs, joint ventures and strategic alliances may involve significant other risks and uncertainties, insufficient revenue generation to offset liabilities assumed and expenses associated with the transaction, potential additional challenges in protecting our intellectual property, and unidentified issues not discovered in our due diligence process, such as product quality, technology issues and legal contingencies. In addition, we may be unable to effectively integrate any such programs and ventures into our operations. Our operating results could be adversely affected by any problems arising during or from any licenses, joint ventures or strategic alliances. **Even if** ~~Our business is dependent upon~~ our **licensees are** successful ~~implementation of novel technologies and~~ **in recycling batteries using our** processes ~~and~~ **,** there can be no assurance that ~~we~~ **the AquaRefined recycled metals** will **meet** ~~be able to implement such technologies and processes in a manner that supports~~ the ~~successful commercial roll- out~~ **certification and purity requirements of the potential customers. A key component** of our business **plan is** ~~model. While much of~~ the **production of recycled metals through** ~~technology and processes involved in battery recycling operations are widely used and proven,~~ our AquaRefining process ~~is largely novel~~ **. Our customers will require that our AquaRefined metals meet certain minimum purity standards** and, **in all likelihood, require independent assays** to **confirm the metal' s purity. As of the** date ~~, has been demonstrated on a modest scale~~ of ~~operations. While~~ **this report,** we have ~~shown~~ **produced limited quantities of AquaRefined metals. We have not produced AquaRefined metals in significant commercial quantities and there can be no assurance** that **we will be able to do so** ~~our~~ **or** ~~proprietary technology~~ **, that such metals will meet the required purity standards of our customers. Further, while we have recently commenced the application of our AquaRefining process towards the recovery of high value metals found in lithium- ion batteries, such as cobalt, nickel, lithium hydroxide, lithium carbonate, copper, and manganese dioxide, we have only recently begun the development of recycling of lithium- ion batteries, and there** can ~~produce AquaRefined lead from LABs~~ **be no assurance that our efforts will be successful or that we will be able to conduct the recycling** and **recovery of the** high value metals from lithium- ion batteries on a small scale, we have not processed...... from lithium- ion batteries on a commercial scale. While we have been successful in producing AquaRefined ~~lead~~ **metals** in small volumes, there can be no assurance that either we or our licensees will be able to replicate the process, along with all of the expected economic advantages, on a large commercial scale either for us or our prospective licensees. Our **initial** commercial operations ~~have primarily~~ involved the production of lead compounds and plastics from recycled LABs, and ~~more recently,~~ the sale of lead bullion and AquaRefined lead ~~. In April 2018, we commenced the limited production of cast lead bullion (mixture of lead purchased to prime the kettles and AquaRefined lead from our AquaRefining process), and in June 2018, we commenced the sale of pure AquaRefined lead in the form of two tonne blocks~~ . While we believe that our development, testing and limited production to date has validated the concept of our AquaRefining process, the limited nature of our operations to date are not sufficient to confirm the economic returns on our production of recycled ~~lead~~ **metals** . Further, we have only recently commenced commercial operations in the area of recycling of lithium- ion batteries. There can be no assurance that either us or our licensees will be able to produce AquaRefined ~~lead or high value~~ metals from ~~lithium- ion~~ batteries in commercial quantities at a cost of production that will provide us and our proposed licensees with an adequate profit margin. Our business may be negatively affected by labor...... operations or results of operations. Our intellectual property rights may not be adequate to protect our business. As of the date of this report, we have ~~secured 9~~ **3 issued** US patents, ~~91~~ **32** international patents **,** and ~~2~~ **3 international** allowances ~~(international)~~ related to our AquaRefining process. We also have further patent applications pending in the United States and numerous corresponding patent applications pending in ~~21~~ **16** additional jurisdictions relating to certain elements of the technology underlying our AquaRefining process and related apparatus and chemical formulations. However, no assurances can be given that any patent issued, or any patents issued on our current and any future patent applications, will be sufficiently broad to adequately protect our technology. In addition, we cannot assure you that any patents issued now or in the future will not be challenged, invalidated, or circumvented. Even patents issued to us may not stop a competitor from illegally using our patented processes and materials. In such event, we would incur substantial costs and expenses, including lost time of management in addressing and litigating, if necessary, such matters. Additionally, we rely upon a combination of trade secret laws and nondisclosure agreements with third parties and employees having access to confidential information or receiving unpatented proprietary know- how, trade secrets and technology to protect our proprietary rights and technology. These laws and agreements provide only limited protection. We can give no assurance that these measures will adequately protect us from misappropriation of proprietary information. Our processes may infringe on the intellectual property rights of others, which could lead to costly disputes or disruptions. The applied science industry is characterized by frequent allegations of intellectual property infringement. Though we do not expect to be subject to any of these allegations, any allegation of infringement could be time consuming and expensive to defend or resolve, result in substantial diversion of management resources, cause suspension of operations or force us to enter into royalty, license, or other agreements rather than dispute the merits of such allegation. If patent holders or other holders of intellectual property initiate legal proceedings, we may be forced into protracted and costly litigation. We may not be successful in defending such litigation and may not be able to procure any required royalty or license agreements on acceptable terms or at all. ~~.Our~~ business may be negatively affected by labor issues and higher labor costs.Our ability to maintain our workforce depends on our ability to attract and retain new and existing employees.As of the date of this report,none of our employees are covered by collective bargaining agreements and we consider our labor relations to be acceptable.However,we could experience workforce dissatisfaction which could trigger bargaining issues,employment discrimination liability issues as well as wage and benefit consequences,especially during critical operation periods.We could also experience a work stoppage or other disputes which could disrupt our operations and could harm our operating results.In addition,legislation or changes in regulations could result in labor shortages and higher labor costs.There can be no assurance that we may not experience labor issues that negatively impact our operations or results of operations **.Our** Global economic conditions could negatively affect our prospects for growth and operating results. Our prospects for growth and operating results will be directly affected by the general global economic conditions of the industries in which our suppliers, partners and customer groups operate. We believe that the market price of battery metal is relatively volatile and reacts to general global economic conditions. Our business will be highly dependent on the economic and market conditions in each of the geographic areas in which we operate. These conditions affect our business by reducing the demand for

recyclable batteries ~~LABs and LIBs~~ and decreasing the price of ~~lead~~ **battery metals** in times of economic downturn and increasing the price of used batteries in times of increasing demand of ~~LABs and recycled~~ - **recyclable** ~~lead~~ **batteries** . There can be no assurance that global economic conditions will not negatively impact our liquidity, growth prospects and results of operations. We are subject to the risks of conducting business outside the United States. A part of our strategy involves our pursuit of growth opportunities in certain international market locations. We intend to pursue licensing or joint venture arrangements with local partners who will be primarily responsible for the day- to- day operations. Any expansion outside of the U. S. will require significant management attention and financial resources to successfully develop and operate any such facilities, including the sales, supply and support channels, and we cannot assure you that we will be successful or that our expenditures in this effort will not exceed the amount of any resulting revenues. Our international operations expose us to risks and challenges that we would otherwise not face if we conducted our business only in the United States, such as: • increased cost of enforcing our intellectual property rights; • diminished ability to protect our intellectual property rights; • heightened price sensitivities from customers in emerging markets; • our ability to establish or contract for local manufacturing, support and service functions; • localization of our LABs and components, including translation into foreign languages and the associated expenses; • compliance with multiple, conflicting and changing governmental laws and regulations; • compliance with the Federal Corrupt Practices Act and other anti- corruption laws; • foreign currency fluctuations; • laws favoring local competitors; • weaker legal protections of contract terms, enforcement on collection of receivables and intellectual property rights and mechanisms for enforcing those rights; • market disruptions created by public health crises in regions outside the United States; • difficulties in staffing and managing foreign operations, including challenges presented by relationships with workers' councils and labor unions; • issues related to differences in cultures and practices; and • changing regional economic, political and regulatory conditions. **Risks Relating to Government Law and Environmental Regulations** U. S. government regulation and environmental, health and safety concerns may adversely affect our business. Our operations and the operations of our licensees in the United States will be subject to the federal, state and local environmental, health and safety laws applicable to the reclamation of batteries including the Occupational Safety and Health Act (" OSHA") of 1970 and comparable state statutes. Our facilities and the facilities of our licensees will have to obtain environmental permits or approvals to expand, including those associated with air emissions, water discharges, and waste management and storage. We and our licensees may face opposition from local residents or public interest groups to the installation and operation of our respective facilities. In addition to permitting requirements, our operations and the operations of our licensees are subject to environmental health, safety and transportation laws and regulations that govern the management of and exposure to hazardous materials such as the acids involved in battery reclamation. These include hazard communication and other occupational safety requirements for employees, which may mandate industrial hygiene monitoring of employees for potential exposure. We and our licensees are also subject to inspection from time to time by various federal, state and local environmental, health and safety regulatory agencies and, as a result of these inspections, we and our licensees may be cited for certain items of non- compliance ~~. For example, in August 2018, the Nevada Occupational Safety and Health Administration, or Nevada OSHA, delivered to us a citation and notification of penalty. The citation listed a number of items related to our compliance with Nevada OSHA' s Lead Standard. We reached a settlement agreement with Nevada OSHA on the amount of penalties associated with the citation. We also agreed to engage a lead compliance expert to audit our facility at TRIC for compliance with all provision of the Lead Standard and to generate a written report with findings of any noncompliance, recommended corrective actions, and a time frame to correct the findings of noncompliance. We agreed with Nevada OSHA to correct all findings of noncompliance within the time frame proposed by the lead compliance expert in their report. The lead compliance expert has been engaged, has visited the facility at TRIC and has completed the written report. We have corrected all findings of noncompliance in a timely manner~~ . Failure to comply with the requirements of federal, state and local environmental, health and safety laws could subject our business and the businesses of our licensees to significant penalties (civil or criminal) and other sanctions that could adversely affect our business. In addition, in the event we are unable to operate and expand our AquaRefining process and operations as safe and environmentally responsible, we and our licensees may face opposition from local governments, residents or public interest groups to the installation and operation of our facilities. The development of new AquaRefining technology by us or our partners or licensees, and the dissemination of our AquaRefining process will depend on our ability to acquire necessary permits and approvals, of which there can be no assurance. As noted above, our AquaRefining processes will have to obtain environmental permits or approvals to operate, including those associated with air emissions, water discharges, and waste management and storage. In addition, we expect that any use of AquaRefining operations at our partner' s facilities will require additional permitting and approvals. Failure to secure (or significant delays in securing) the necessary permits and approvals could prevent us and our partners and licensees from pursuing additional AquaRefining expansion, and otherwise adversely affect our business, financial results and growth prospects. Further, the loss of any necessary permit or approval could result in the closure of an AquaRefining facility and the loss of our investment associated with such facility. Our business involves the handling of hazardous materials and we may become subject to significant fines and other liabilities in the event we mishandle those materials. The nature of our operations involves risks, including the potential for exposure to hazardous materials such as lead, **lithium hydroxide, and lithium carbonate** that could result in personal injury and property damage claims from third parties, including employees and neighbors, which claims could result in significant costs or other environmental liability. Our operations also pose a risk of releases of hazardous substances, such as lead **, lithium hydroxide, lithium carbonate** or acids, into the environment, which can result in liabilities for the removal or remediation of such hazardous substances from the properties at which they have been released, liabilities which can be imposed regardless of fault, and our business could be held liable for the entire cost of cleanup even if we were only partially responsible. We are also subject to the possibility that we may receive notices of potential liability in connection with materials that were sent to third- party recycling, treatment, and / or disposal facilities under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA, and comparable state statutes, which impose liability for investigation and remediation of contamination without regard to fault or the legality of the conduct that contributed to the contamination, and for damages to natural resources. Liability under CERCLA is retroactive, and, under certain circumstances, liability for the entire cost of a cleanup can be imposed on any responsible party. Any such liability could result in judgments or settlements that restrict our operations in a manner that materially adversely effects our operations and could result in fines, penalties or awards that could materially impair our financial condition and even threaten our continued operation as a going concern. We will be subject to foreign government regulation and environmental, health and safety concerns that may adversely affect our business. As our business expands outside of the United States, our operations will be subject to the environmental, health and safety laws of the countries where we do business, including permitting and compliance requirements that address the similar risks as do the laws in the United States, as well as international legal requirements such as those applicable to the transportation of hazardous materials. Depending on the country or region, these laws could be as stringent as those in the U. S., or they could be less stringent or not as strictly enforced. In some countries in which we are interested in expanding our business, such as Mexico and China, the relevant environmental regulatory and enforcement frameworks are in flux and subject to change. Compliance with these requirements will cause our business to incur costs, and failure to comply with these requirements could adversely affect our business. In the event we are unable to present and operate our AquaRefining process and operations as safe and environmentally responsible, we may face opposition from local governments, residents or public interest groups to the installation and operation of our facilities. Risks Related to Owning Our Common Stock The market price of our shares may be subject to fluctuation and volatility. You could lose all or part of your investment. The market price of our common stock is subject to wide fluctuations in response to various factors, some of which are beyond our control. Since January 1, ~~2022~~ **2023** , the reported high and low sales prices of our common stock have ranged from $ 1. ~~59~~ **69** to $ 0. ~~50~~ **47** through ~~February 17~~ **March 22** , ~~2023~~ **2024** . The market price of our shares on the NASDAQ Capital Market may fluctuate as a result of a number of factors, some of which are beyond our control, including, but not limited to: • actual or anticipated variations in our and our competitors' results of operations and financial condition; • changes in earnings estimates or recommendations by securities analysts, if our shares are covered by analysts; • development of technological innovations or new competitive products by others; • regulatory developments and the decisions of regulatory authorities as to the approval or rejection of new or modified products; • our sale or proposed sale, or the sale by our significant stockholders, of our shares or other securities in the future; • changes in key personnel; • success or failure of our research and development projects or those of our competitors; • the trading volume of our shares; and • general economic and market conditions and other factors, including factors unrelated to our operating performance. These factors and any corresponding price fluctuations may materially and adversely affect the market price of our shares and result in substantial losses being incurred by our investors. In the past, following periods of market volatility, public company stockholders have often instituted securities class action litigation. If we were involved in securities litigation, it could impose a substantial cost upon us and divert the resources and attention of our management from our business **. We have received a notice of delisting or failure to satisfy a continued listing rule from the Nasdaq. On November 24, 2023, we received a letter (from the Nasdaq Stock Market, LLC, or Nasdaq, notifying us we had fallen below compliance with respect to the continued listing standard set forth in Rule 5550 (a) (2) of the Nasdaq Listing Rules because the closing bid price of our common stock over the previous 30 consecutive trading- day period had fallen below $ 1. 00 per share. Pursuant to the Nasdaq' s letter and Rule 5810 (c) (3) (A) of the Nasdaq Listing Rules, we have 180 days from the date of the letter, or until May 22, 2024, to regain compliance with the minimum bid price requirement in Rule 5550 (a) (2) by achieving a closing bid price for our common stock of at least $ 1. 00 per share over a minimum of 10 consecutive business days. If we do not regain compliance with Rule 5550 (a) (2) during the initial 180- day period, we may be eligible for additional time to regain compliance, subject to our compliance with the Nasdaq' s continued listing requirement for market value of publicly- held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and our provision of certain undertakings to the Nasdaq. However, there can be no assurance that we will be afforded additional time to regain compliance with the minimum bid price requirement following the initial 180- day period. If we are unable to regain compliance with Nasdaq Listing Rule 5550 (a) (2) in a timely manner, the Nasdaq will commence suspension and delisting procedures** . If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline. The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If industry analysts cease coverage of us, the trading price for our common stock would be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline. In addition, independent industry analysts may provide reviews of our AquaRefining technology, as well as competitive technologies, and perception of our offerings in the marketplace may be significantly influenced by these reviews. We have no control over what these industry analysts report, and because industry analysts may influence current and potential customers, our brand could be harmed if they do not provide a positive review of our products and platform capabilities or view us as a market leader. We may be at an increased risk of securities class action litigation. Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because early- stage companies have experienced significant stock price volatility in recent years. If we were to be sued, it could result in substantial costs and a diversion of management' s attention and resources, which could harm our business. In 2017, a securities class action lawsuit and shareholder derivative lawsuit were filed against us. In 2021, we were able to settle both actions through our issuance of $ 500, 000 of our common shares and our adoption of limited corporate governance reforms, however we incurred significant legal costs in defending both actions and our management was required to devote significant time in managing the defense of the actions. We maintain director and officer insurance that we regard as reasonably adequate to protect us from potential claims; however, we are responsible for meeting certain deductibles under the policies and, in any event, we cannot assure you that the insurance coverage will adequately protect us from claims made. Further, the costs of insurance may increase and the availability of coverage may decrease. As a result, we may not be able to maintain our current levels of insurance at a reasonable cost, or at all, which might make it more difficult to attract qualified candidates to serve as executive officers or directors. Future sales of substantial amounts of our common stock, or the possibility that such sales could occur, could adversely affect the market price of our common stock. We cannot predict the effect, if any, that future issuances or sales of our securities or the availability of our securities for future issuance or sale, will have on the market price of our common stock. Issuances or sales of substantial amounts of our securities, or the perception that such issuances or sales might occur, could negatively impact the market price of our common stock and the terms upon which we may obtain additional equity financing in the future. We have not paid dividends in the past and have no plans to pay dividends. We plan to reinvest all of our earnings, to the extent we have earnings, in order to pursue our business plan and cover operating costs and to otherwise become and remain competitive. We do not plan to pay any cash dividends with respect to our securities in the foreseeable future. We cannot assure you that we would, at any time, generate sufficient surplus cash that would be available for distribution to the holders of our common stock as a dividend. Therefore, you should not expect to receive cash dividends on our common stock. Our charter documents and Delaware law may inhibit a takeover that stockholders consider favorable. Provisions of our certificate of incorporation and bylaws and applicable provisions of Delaware law may delay or discourage transactions involving an actual or potential change in control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. The provisions in our certificate of incorporation and bylaws: • limit who may call stockholder meetings; • do not provide for cumulative voting rights; • establish an advance notice procedure for stockholders' proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors, and • provide that all vacancies may be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum. In addition, Section 203 of the Delaware General Corporation Law may limit our ability to engage in any business combination with a person who beneficially owns 15 % or more of our outstanding voting stock unless certain conditions are satisfied. This restriction lasts for a period of three years following the share acquisition. These provisions may have the effect of entrenching our management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock. Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us or any our directors, officers or other employees arising pursuant to any provision of the Delaware General Corporation Law or our certificate of incorporation or bylaws, or (iv) any action asserting a claim against us or any our directors, officers or other employees governed by the internal affairs doctrine. This forum selection provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any of our directors, officers or other employees. Item 1B. Unresolved Staff Comments None. Item **1C. Cybersecurity At Aqua Metals, Inc., we are committed to protecting our information systems, data, and sensitive information from unauthorized access, breaches, and cyber- attacks. In this section, we provide an overview of our cybersecurity practices and the measures we have implemented to mitigate cybersecurity risks. We have established comprehensive cybersecurity policies and procedures that outline the standards and guidelines for safeguarding our digital assets. These policies cover areas such as access controls, data encryption, network security, incident response, and employee awareness training. We regularly conduct thorough assessments to identify and evaluate potential cybersecurity risks. These assessments help us understand our vulnerabilities and prioritize our efforts to mitigate those risks. We have implemented risk management strategies that include proactive monitoring, and vulnerability scanning. Due to evolving cybersecurity threats, it has and will continue to be difficult to prevent, detect, mitigate, and remediate cybersecurity incidents. While we have not experienced any material cybersecurity threats or incidents as of the date of this Report, our cybersecurity program might not be able to prevent or mitigate future successful attacks, threats or incidents. To prevent cyber threats, we have implemented a multi-layered approach to security. This includes firewalls, intrusion detection and prevention systems, and regular software patching. We also enforce strong password policies and implement two- factor authentication for sensitive systems. In the event of a cybersecurity incident, we have a well- defined incident response plan in place. This plan includes procedures for containment, investigation, and recovery. We also maintain backups of critical data to ensure business continuity in case of a breach or system failure. We believe that cybersecurity is a shared responsibility. We provide regular training and awareness programs to educate our employees about best practices, potential threats, and their role in maintaining a secure environment. This includes phishing awareness, social engineering training, and ongoing communication about emerging threats. Governance Cybersecurity holds a critical position within our risk management framework, drawing significant attention from both our Board and management. Oversight of cybersecurity risks is vested in our Audit Committee, which regularly receives updates from senior management. These updates, provided as needed, feature insights from our leaders in information security. Topics covered include the identification of existing and emerging cybersecurity threats, progress reports on risk mitigation efforts, disclosure of cybersecurity incidents, and updates on key information security initiatives. Furthermore, our Board members engage in informal discussions**

with management regarding cybersecurity news and assess any revisions made to our cybersecurity risk management strategies. Item 2. Properties