

Vertex Energy Reports a 13% Increase in Revenue for the Second Quarter of 2012 Compared with Second Quarter 2011 & Signing of Definitive Agreement to Acquire Vertex Holdings

Finished Product Sold Increases 14% Relative to the Same Period Last Year

Accretive Acquisition With Vertical Integration Benefits

—Conference Call Today at 10:00 A.M. EDT—

Houston, TX – August 15, 2012 Vertex Energy, Inc. (OTC BB:[VTNR](#)), an environmental services company that recycles industrial waste streams and off-specification commercial chemical products, today announced its financial results for the second quarter ended June 30, 2012 and the signing of a Definitive Agreement to acquire substantially all of the assets and liabilities of Vertex Holdings.

Financial highlights for the second quarter and first six months of 2012 include:

- Revenue increased 13% to \$31.3 million for the second quarter of 2012 versus \$27.8 million in the year-ago second quarter;
- Overall sales volumes in terms of total barrels of finished product sold increased by 14% compared with last year's second quarter;
- Gross profit for the quarter was \$750,741 compared with \$2.5 million reported in the same period last year;
- Net loss for the second quarter of 2012 was \$159,025, or (\$0.02) per diluted share, compared with net income of \$1.4 million, or \$0.10 per diluted share in the second quarter of 2011;
- Revenue increased 37% to \$66.1 million for the first six months of 2012 versus \$48.1 million in the year-ago period;
- Overall sales volumes in terms of total barrels of finished product sold increased by 24% compared with last year's first six-months;
- Gross profit for the six months 2012 was \$3.6 million compared with \$4.7 million reported in the same period last year;
- Net income for the first half of 2012 was \$1.4 million or \$0.10 per diluted share compared with \$2.6 million or \$0.19 per diluted share in the first half of 2011;

Benjamin P. Cowart, Chief Executive Officer of Vertex Energy said, “While both second quarter revenue and sales volumes were strong, and followed solid first quarter performance, the rapid decline in commodity prices during the quarter impacted the Company's earnings and margins, leading to those decreases. We are, however, encouraged by the stabilization of commodity prices that has occurred since the end of the second quarter, as well as by the Company's performance during July 2012. We are continuing to optimize our TCEP process and, as a result of these efforts, have reduced our per barrel operating costs by 6% relative to the second quarter of 2011.” Mr. Cowart added, “We will continue to focus on reducing these costs further while also increasing our production volume.”

The Company has also announced the signing of a Definitive Agreement to acquire substantially all of the assets and liabilities of Vertex Holdings. Vertex Holdings is a holding company with a number of distinct operations including a terminal operation in Baytown, TX which is home to the TCEP facility, a trucking business that services both the Company and third parties, a used oil collection operation in Texas, and a distressed hydrocarbon trading business as well as the intellectual property and physical assets related to TCEP.

Pursuant to the Purchase Agreement, the Company will pay the following consideration in exchange for 100% of the equity interest in the acquired company:

- \$14.8 million in cash and assumed debt;
- 4,545,455 million restricted shares of the Company's common stock;
- \$1.7 million cash consideration for real estate acquired from a third entity;
- An earn-out based on achieving various EBITDA targets over three one-year periods.

For the fiscal year ended December 31, 2011, the acquired business generated revenue of approximately \$31 million and EBITDA of roughly \$6 million. For the six months ended June 30, 2012, the acquired business generated \$19 million of revenue and \$3 million of EBITDA. The Company anticipates the acquisition closing no later than the end of September 2012.

Mr. Cowart stated, "This acquisition presents a number of benefits for Vertex Energy and its shareholders. This deal allows our company to become a more vertically integrated player within our industry as we will now be able to collect, aggregate and process used oil with a strong presence in the strategically important Gulf Coast region of the U.S." Mr. Cowart continued, "We are acquiring a business we know well given the related party nature of these operations, which we believe minimizes the risk of any integration challenges while simultaneously eliminating the related party complexities between the companies going forward. Lastly, this deal is accretive and adds meaningful financial scale to the Company as we continue to position ourselves for future growth."

CONFERENCE CALL

As previously announced, management of Vertex Energy will host a conference call today at 10:00 a.m. EDT. Those who wish to participate in the conference call may telephone 877-407-4019 from the U.S.; international callers may telephone 201-689-8337, approximately 15 minutes before the call. A webcast will also be available at: www.vertexenergy.com.

A digital replay will be available by telephone approximately two hours after the call's completion until May 31, 2012, and may be accessed by dialing 877-660-6853 from the U.S. or 201-612-7415 for international callers, Acct # 380; Replay ID# 398790.

ABOUT VERTEX ENERGY, INC.

Vertex Energy, Inc. (OTCBB:[VTNR](#)), is a leading environmental services company that recycles industrial waste streams and off-specification commercial chemical products. Its primary focus is recycling used motor oil and other petroleum by-product streams. Vertex Energy purchases these streams from an established network of local and regional collectors and generators. The company also manages the transport, storage and delivery of the aggregated feedstock and product streams to end users, and manages the re-refining of a portion of its aggregated petroleum streams in order to sell them as higher-value end products. Vertex Energy sells its aggregated petroleum streams as feedstock to other re-refineries and fuel blenders or as replacement fuel for use in industrial burners. The re-refining of used motor oil that Vertex Energy manages takes place at a facility operated by a related party that uses a proprietary Thermal Chemical Extraction Process ("TCEP") technology. Based in Houston, Texas, Vertex Energy also has offices in Georgia and California. More information on the company can be found at www.vertexenergy.com.

This press release may contain forward-looking statements, including information about management's view of Vertex Energy's future expectations, plans and prospects, within the safe harbor provisions under The Private

Securities Litigation Reform Act of 1995 (the "Act"). In particular, when used in the preceding discussion, the words "believes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements within the meaning of the Act, and are subject to the safe harbor created by the Act. Any statements made in this news release other than those of historical fact, about an action, event or development, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, which may cause the results of Vertex Energy, its divisions and concepts to be materially different than those expressed or implied in such statements. These risk factors and others are included from time to time in documents Vertex Energy files with the Securities and Exchange Commission, including but not limited to, its Form 10-Ks, Form 10-Qs and Form 8-Ks. Other unknown or unpredictable factors also could have material adverse effects on Vertex Energy's future results. The forward-looking statements included in this press release are made only as of the date hereof. Vertex Energy cannot guarantee future results, levels of activity, performance or achievements. Accordingly, you should not place undue reliance on these forward-looking statements. Finally, Vertex Energy undertakes no obligation to update these statements after the date of this release, except as required by law, and also takes no obligation to update or correct information prepared by third parties that are not paid for by Vertex Energy.

**VERTEX ENERGY, INC.
CONSOLIDATED BALANCE SHEETS**

	June 30, 2012 (UNAUDITED)	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,177,443	\$ 675,188
Accounts receivable, net	3,778,844	5,436,006
Accounts receivable- related party	200	2,459
Inventory	6,603,579	6,408,780
Prepaid expenses	329,640	151,821
Total current assets	14,889,706	12,674,254
Noncurrent assets		
Licensing agreement, net	2,041,994	1,929,549
Fixed assets, net	119,593	124,168
Deferred federal income tax	1,951,000	2,006,000
Total noncurrent assets	4,112,587	4,059,717
TOTAL ASSETS	\$ 19,002,293	\$ 16,733,971
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 7,232,662	\$ 6,464,193
Accounts payable-related party	748,026	620,724

Deposits	-	235,557
Total current liabilities	7,980,688	7,320,474
Long-term liabilities		
Deferred federal income tax	103,000	76,000
Total liabilities	8,083,688	7,396,474

Commitments and contingencies

STOCKHOLDERS' EQUITY

Preferred stock, \$0.001 par value per share:

50,000,000 shares authorized

Series A Convertible Preferred stock, \$0.001 par value, 5,000,000 authorized and 3,211,328 and 4,426,639 issued and outstanding at June 30, 2012 and December 31, 2011, respectively

3,211 4,427

Common stock, \$0.001 par value per share; 750,000,000 shares authorized; 10,685,322 and 9,414,926 issued and outstanding at June 30, 2012 and December 31, 2011, respectively

10,686 9,415

Additional paid-in capital

3,485,193 3,319,388

Retained earnings

7,419,515 6,004,267

Total stockholders' equity

10,918,605 9,337,497

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 19,002,293 \$ 16,733,971

VERTEX ENERGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$ 31,293,193	\$ 27,790,860	\$ 66,121,132	\$ 48,081,785
Revenues – related parties	-	-	-	17,978
	31,293,193	27,790,860	66,121,132	48,099,763
Cost of revenues	30,542,452	25,325,275	62,485,327	43,363,282
Gross profit	750,741	2,465,585	3,635,805	4,736,481
Selling, general and administrative expenses	919,227	1,006,683	2,113,974	2,032,738
Income (loss) from operations	(168,486)	1,458,902	1,521,831	2,703,743

Other income (expense)				
Interest income	633	-	633	-
Interest expense	-	(25,177)	(44)	(54,218)
Total other income (expense)	633	(25,177)	589	(54,218)
Income (loss) before income tax	(167,853)	1,433,725	1,522,420	2,649,525
Income tax (expense) benefit	8,828	(22,986)	(107,172)	(42,689)
Net income (loss)	\$(159,025)	\$1,410,739	\$1,415,248	\$2,606,836
Earnings (loss) per common share				
Basic	\$(0.02)	\$0.17	\$0.14	\$0.31
Diluted	\$(0.02)	\$0.10	\$0.10	\$0.19
Shares used in computing earnings per share				
Basic	10,136,941	8,535,111	9,781,851	8,487,392
Diluted	10,136,941	13,937,618	14,204,958	13,889,899

VERTEX ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(UNAUDITED)

	Six Months Ended	
	June 30,	June 30,
	2012	2011
Cash flows operating activities		
Net income	\$ 1,415,248	\$ 2,606,836
Adjustments to reconcile net income to cash provided by (used in) operating activities		
Stock based compensation expense	85,172	61,680
Depreciation and amortization	82,019	78,301
Deferred federal income tax	82,000	-
Changes in assets and liabilities		
Accounts receivable	1,657,162	(631,157)
Accounts receivable- related parties	2,259	(3,900)
Inventory	(194,799)	(2,145,868)
Prepaid expenses	(177,819)	(12,235)
Accounts payable	768,469	1,490,353
Accounts payable-related parties	127,302	561,003

Deposits	(235,557)	-
Net cash provided by operating activities	3,611,456	2,005,013
Cash flows from investing activities		
Payments for licensing agreement	(183,558)	(194,726)
Purchase of fixed assets	(6,330)	(32,274)
Net cash used in investing activities	(189,888)	(227,000)
Cash flows from financing activities		
Proceeds from exercise of common stock warrants	80,687	4,000
Net cash provided by financing activities	80,687	4,000
Net increase in cash and cash equivalents	3,502,255	1,782,013
Cash and cash equivalents at beginning of the period	675,188	744,313
Cash and cash equivalents at end of period	\$4,177,443	\$2,526,326
SUPPLEMENTAL INFORMATION		
Cash paid for interest during the period	\$44	\$74,693
Cash paid for income taxes during the period	\$17,172	\$53,000
NON-CASH TRANSACTIONS		
Conversion of Series A Preferred Stock into common stock	\$1,216	\$95
Conversion of Series B Preferred Stock into common stock	\$-	\$600,000

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COO