

Base Shelf Prospectus

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia, Alberta, Ontario and Québec but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form base shelf prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form base shelf prospectus is obtained from the securities regulatory authorities.

This short form prospectus has been filed under legislation in the provinces of British Columbia, Alberta, Ontario and Québec that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws. Accordingly, subject to certain exceptions, these securities may not be offered or sold within the United States or to, or for the account or benefit of, persons in the United States or any U.S. person. This short form base shelf prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby within the United States or to, or for the account or benefit of, a person in the United States or a U.S. person. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act, except in accordance with an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. See “Plan of Distribution”.

Information has been incorporated by reference in this short form prospectus from documents filed with certain securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of CO₂ Solutions Inc. at 2300 Jean-Perrin Street, Québec, Québec, G2C 1T9, telephone 418-842-3456, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

November 6, 2015



CO₂ Solutions Inc.

**\$20,000,000
Common Shares
Subscription Receipts
Debt Securities
Warrants
Units**

CO₂ Solutions Inc. (the “**Corporation**” or “**CO₂ Solutions**”) may offer for sale hereunder and issue, from time to time, common shares in the share capital of the Corporation (the “**Common Shares**”), subscription receipts (the “**Subscription Receipts**”), debt securities (the “**Debt Securities**”), warrants or options to purchase Common Shares (collectively, the “**Warrants**”), or units comprised of one or more of the other securities described in this short form base shelf prospectus (the “**Prospectus**”) in any combination (the “**Units**” and, together with the Common Shares, the Subscription Receipts, the Debt Securities and the Warrants, the “**Securities**”) or a combination thereof, in one or more offerings, with the aggregate gross proceeds not to exceed \$20,000,000 during the 25-month period that this Prospectus, including any amendments hereto, remains effective. The Securities may be offered hereunder in amounts, separately or together, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement (each, a “**Prospectus Supplement**”). The Corporation may sell the Subscription Receipts, the Debt Securities and the Warrants in one or more series.

The specific terms of any offering of Securities will be set forth in the applicable Prospectus Supplement and may include, where applicable:

- in the case of Common Shares, the number of Common Shares offered, the issue price and any other specific terms;
- in the case of Subscription Receipts, the number of Subscription Receipts offered, the offering price, the terms and procedures for the exchange of the Subscription Receipts and any other specific terms;
- in the case of Debt Securities, the specific designation, the aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, the interest provisions, the authorized denominations, the offering price, the covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated, and any other terms specific to the Debt Securities being offered;
- in the case of Warrants, the designation, number and terms of the Common Shares or other securities issuable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise and any other specific terms; and
- in the case of Units, the designation, number and terms of any other Securities comprising, in any combination, the Units. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. This Prospectus and any applicable Prospectus Supplement should be read carefully before investing in Securities. This Prospectus may not be used to offer any of the Securities unless accompanied by a Prospectus Supplement.

An investment in the Securities involves a high degree of risk. You should carefully read the “Risk Factors” section in this Prospectus.

The Common Shares are listed and posted for trading on the TSX Venture Exchange Inc. (the “TSX-V”) under the symbol “CST”. The closing price of the Common Shares on the TSX-V on November 5, 2015, the last trading day prior to the date of this Prospectus, was \$0.19. Unless otherwise specified in an applicable Prospectus Supplement, the Subscription Receipts, the Debt Securities, the Warrants and the Units will not be listed on any securities or stock exchange or on any automated dealer quotation system.

The Corporation will apply to list the Common Shares distributed under this Prospectus, including the Common Shares underlying the Subscription Receipts, the Debt Securities, the Warrants and the Units, if any. However, unless specified in the applicable Prospectus Supplement, there is no market through which the Subscription Receipts, the Debt Securities, the Warrants and the Units may be sold and purchasers may not be able to resell the Subscription Receipts, the Debt Securities, the Warrants and the Units purchased under this Prospectus and the Prospectus Supplements. This may affect the pricing of the Subscription Receipts, the Debt Securities, the Warrants and the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts, the Debt Securities, the Warrants and the Units, and the extent of issuer regulation. See “Risk Factors”.

The Corporation may offer and sell Securities to or through underwriters, dealers, placement agents, agents or other intermediaries and may also offer and sell Securities to one or more purchasers directly or through agents designated from time to time at amounts and prices and other terms determined by the Corporation. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer, placement agent, agent or other intermediary engaged in connection with the offering and sale of the Securities and will set forth the method of

distribution of such Securities, including, to the extent applicable, the proceeds to the Corporation and any fees, discounts, concessions or other compensation payable to such underwriter, dealer, placement agent, agent or other intermediary and any other material terms of the plan of distribution. See “Plan of Distribution”.

In connection with any underwritten offering of Securities (unless otherwise specified in a Prospectus Supplement), the underwriters, dealers, placement agents, agents or other intermediaries may over-allot or effect transactions which stabilize or maintain the market price of the underwritten Securities at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “Plan of Distribution”.

No underwriter, dealer, placement agent, agent or other intermediary has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

CO₂ Solutions’ head and registered office is located at 2300 Jean-Perrin Street, Québec, Québec, G2C 1T9.

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GENERAL MATTERS

In this short form prospectus, unless otherwise indicated or the context otherwise requires, the terms “CO₂ Solutions” and the “Corporation” are used to refer to CO₂ Solutions Inc.

The address of the Corporation’s website is www.co2solutions.com. Information contained on the Corporation’s website does not form part of this Prospectus nor is it incorporated by reference herein.

The Securities being offered for sale under this Prospectus may only be sold in those jurisdictions in which offers and sales of such Securities are permitted. This Prospectus is not an offer to sell or a solicitation of an offer to buy the Securities in any jurisdiction where it is unlawful.

Purchasers should rely only on the information contained or incorporated by reference in the Prospectus and any applicable Prospectus Supplement. The Corporation has not authorized anyone to provide purchasers with different or additional information. If anyone provides purchasers with different or additional information, purchasers should not rely on it. Purchasers should assume that the information contained in the Prospectus and any applicable Prospectus Supplement is accurate only as at the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as at the date of that document, regardless of the time of delivery of the Prospectus and any applicable Prospectus Supplement or of any sale of the Corporation’s securities. The Corporation’s business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in the Prospectus and any applicable Prospectus Supplement and the documents incorporated by reference in the Prospectus and any applicable Prospectus Supplement were obtained from market research, publicly available information, and/or industry publications. The Corporation believes that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. The Corporation has not independently verified this information, and the Corporation does not make any representation as to the accuracy of this information.

Unless otherwise indicated, all dollar amounts in this Prospectus are expressed in Canadian dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference in this Prospectus contains forward-looking statements concerning anticipated developments in the Corporation’s operations in future months, the adequacy of the Corporation’s financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimates,” “predicts,” “potential,” “targeted,” “plans,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” occur or be achieved. These forward-looking statements include, without limitation, statements about:

- the Corporation’s market opportunities, strategies, competition, expected activities and expenditures as the Corporation pursues its business plan;
- the adequacy of the Corporation’s available cash resources; and
- other statements about future events or results.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Corporation or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, such as business and economic risks and uncertainties. These factors include, but are not limited to:

- uncertainty concerning revenues and a history of previous losses;

- dependence on collaborative partners;
- government regulation in the field of carbon capture;
- unproven market for the Corporation's technologies;
- market acceptance for the Corporation's technologies;
- dependence on protection of intellectual property and technologies;
- ability to recruit and retain key personnel;
- volatility of share price;
- future sales of Common Shares;
- competition in the Corporation's market;
- global political and economic conditions;
- exchange rates;
- dilution;
- reliance on tax credits;
- broad discretion of the Corporation in the use of net proceeds from the Securities offered under the Prospectus;
- effect of sales of securities of the Corporation by directors and officers on the market price of such securities; and
- market for the Securities.

The Corporation's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made. Consequently, all forward-looking statements made in this Prospectus and the documents incorporated by reference in this Prospectus are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Corporation will be achieved. Some of these risks, uncertainties and other factors are described in the Corporation's Annual Information Form (as defined herein) under the heading "Risk Factors and Uncertainties" and in this Prospectus under the heading "Risk Factors". For the reasons set forth above, purchasers should not place undue reliance on forward-looking statements.

All statements in this Prospectus and the documents incorporated by reference in this Prospectus, other than statements of historical facts, are considered as forward-looking statements which contain the Corporation's current expectations about its future results.

Although the Corporation believes that the expectations reflected in all of its forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. A number of factors may affect the Corporation's future results and may cause those results to differ materially from those indicated in any forward-looking statements made by the Corporation.

These forward-looking statements are made as of the date of this Prospectus or, in the case of documents incorporated by reference in this Prospectus, as of the date of such documents, and the Corporation does not intend, and the Corporation does not assume any obligation, to update these forward-looking statements, except as required by applicable law. There is no assurance that such statements will prove to be accurate as

actual results and future events could differ materially from those anticipated in such statements. Purchasers are cautioned that forward-looking statements are not guarantees of future performance and accordingly purchasers are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein. New factors emerge from time to time, and it is not possible for management of the Corporation to predict all of these factors or to assess in advance the impact of each such factor on the Corporation's 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 statement.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated by reference herein may be obtained on request, without charge, from the Secretary of the Corporation, 2300 Jean-Perrin Street, Québec, Québec, G2C 1T9, telephone 418-842-3456 and are also available electronically at www.sedar.com.

The following documents, filed by the Corporation with the securities commissions or similar regulatory authorities in the provinces of British Columbia, Alberta, Ontario and Québec, are specifically incorporated by reference and form an integral part of this Prospectus:

- (i) the annual information form of the Corporation dated October 20, 2015 for the fiscal year ended June 30, 2015 (the “**Annual Information Form**”);¹
- (ii) the audited consolidated financial statements of the Corporation for the fiscal year ended June 30, 2015 together with the notes thereto and the auditor's report thereon;
- (iii) the management's discussion and analysis of the audited consolidated financial position and results of operations of the Corporation for the fiscal year ended June 30, 2015 (the “**MD&A**”); and
- (iv) the management information circular of the Corporation dated October 20, 2015 with respect to the annual and special meeting of the shareholders of CO₂ Solutions to be held on November 26, 2015.

Any document of the type referred to in the preceding paragraph and any interim financial statements, material change reports (excluding confidential reports), business acquisition reports or other document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Corporation with a securities commission or similar regulatory authority in Canada on or after the date of this Prospectus and prior to the termination of the distributions under this Prospectus shall be deemed to be incorporated by reference in this Prospectus.

Upon a new renewal annual information form and the related annual financial statements and management's discussion and analysis of financial condition and results of operations being filed by CO₂ Solutions with, and, where required, accepted by the applicable securities regulatory authorities during the currency of the Prospectus, the previous annual information form, the previous annual financial statements and all quarterly financial statements, material change reports and information circulars filed prior to the commencement of the Corporation's financial year in which the new renewal annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offerings of Securities under the Prospectus.

¹ The disclosure in Section 8 – Directors and Executive Officers of the Annual Information Form is supplemented as follows: On December 10, 2003, the Ontario Securities Commission (the “**OSC**”) issued an order approving a settlement agreement (the “**Settlement**”) made as of November 14, 2003 between Mr. Jonathan Carley, currently Vice President, Business Development of CO₂ Solutions and the OSC in connection with a breach by Mr. Carley of Ontario securities laws while he was an employee of Finline Technologies Ltd. Pursuant to the Settlement: (i) Mr. Carley was prohibited from trading in any securities for a period of eighteen months from the date of the Settlement; and (ii) Mr. Carley paid an aggregate of \$109,400 to the OSC.

Any statement contained in the Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently-filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this Prospectus.

BUSINESS OF THE CORPORATION

CO₂ Solutions is a developer of proprietary technologies for carbon dioxide (“CO₂”) capture and management. More specifically, the Corporation is focused on commercializing an enzyme-based enabling technology for efficient CO₂ capture for reuse or sequestration, in the short-term, from the processing of various industrial gasses and, in the longer-term, from fossil fuel-power plants and other large stationary emitters of CO₂.

Since its establishment, CO₂ Solutions is focused on developing its technology platform, testing, de-risking and enhancing that technology platform and assembling a broad patent portfolio. To support this effort, it has raised capital, recruited highly-qualified personnel and established strategic partnerships and alliances. The Corporation is now moving into the phase of monetizing its technology, which includes a major pre-commercial CO₂ capture pilot installation now being operated in Salaberry-de-Valleyfield, Quebec, which started in May 2015, and the Corporation subsequently wishes to commercially roll out its enzyme-based CO₂ capture technology in North America and elsewhere.

DESCRIPTION OF COMMON SHARES

The authorized capital of CO₂ Solutions consists of an unlimited number of Common Shares, without par value. As of November 5, 2015, 127,640,522 Common Shares were issued and outstanding.

The holders of the Common Shares are entitled to receive dividends out of the assets of the Corporation legally available therefore at such times and in such amounts as the Board of Directors of the Corporation may determine. The holders of the Common Shares are entitled to receive notice of any shareholders’ meeting of the Corporation and to attend and vote thereat on all matters to be voted on by the shareholders of the Corporation. At each such meeting, the holders of the Common Shares are entitled to one vote for each share held. Upon the liquidation, dissolution or winding-up of the Corporation, the holders of the Common Shares are entitled to participate equally in the remaining property and assets of the Corporation available for distribution.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following description of the terms of Subscription Receipts sets forth certain general terms and provisions of Subscription Receipts in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Subscription Receipts.

Subscription Receipts may be offered in one or more series, separately or in combination with one or more other Securities. Each series of Subscription Receipts will be issued under a separate subscription receipt agreement. A copy of the subscription receipt agreement will be filed by the Corporation with the applicable securities commission or similar regulatory authorities after it has been entered into by CO₂ Solutions and will be available electronically at www.sedar.com. Pursuant to the subscription receipt agreement, original purchasers of Subscription Receipts will have a contractual right of rescission against the Corporation, following the issuance of the underlying Common Shares or other securities to such purchasers upon the surrender or deemed surrender of the Subscription

Receipts, to receive the amount paid for the Subscription Receipts in the event that this Prospectus and any amendment thereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days from the closing date of the offering of Subscription Receipts.

The description of general terms and provisions of Subscription Receipts described in any Prospectus Supplement will include, where applicable:

- the number of Subscription Receipts offered;
- the price at which the Subscription Receipts will be offered;
- the procedures for the exchange of the Subscription Receipts into Common Shares or other securities;
- the number of Common Shares or other securities that may be obtained upon exchange of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- the terms applicable to the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- the material tax consequences of owning the Subscription Receipts; and
- any other material terms, conditions and rights (or limitations on such rights) of the Subscription Receipts.

The Corporation reserves the right to set forth in a Prospectus Supplement specific terms of the Subscription Receipts that are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Subscription Receipts described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Subscription Receipts.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities in respect of which a Prospectus Supplement may be filed. The particular terms and provisions of Debt Securities offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply thereto, will be described in the Prospectus Supplement filed in respect of such Debt Securities. Debt Securities may be offered in one or more series, separately or in combination with one or more other Securities. The Corporation may, from time to time, issue debt securities and incur additional indebtedness other than through the issuance of Debt Securities pursuant to this Prospectus.

Unless the applicable Prospectus Supplement otherwise indicates, each series of Debt Securities will be issued under and are expected to be governed by the terms of a separate trust indenture (each, a “**Trust Indenture**”), in each case between the Corporation and a financial institution authorized to carry on business as a trustee (each, a “**Trustee**”).

This summary of some of the provisions of the Debt Securities is not complete. The statements made in this Prospectus relating to any Trust Indenture and Debt Securities to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Trust Indenture or Prospectus Supplement. Prospective purchasers should refer to the Prospectus Supplement and Trust Indenture relating to the specific Debt Securities being offered for the complete terms of the Debt Securities. A copy of any Trust Indenture relating to an offering of Debt Securities will be filed by the Corporation with the applicable securities regulatory authorities in Canada after the Corporation has entered into it and will be available electronically at www.sedar.com.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Debt Securities being offered thereby, including without limitation:

- the specific designation, aggregate principal amount and authorized denominations of such Debt Securities;
- the currency or currency units for which the Debt Securities may be purchased and the currency or currency unit in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- the percentage of the principal amount or the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis;
- the date from which interest (if any) on such Debt Securities, whether payable in cash, in kind, or in shares, will accrue, the date or dates on which such Debt Securities will mature and the portion (if less than all of the principal amount) of such Debt Securities to be payable upon declaration of an acceleration of maturity;
- whether such Debt Securities are interest bearing and, in the case of interest bearing Debt Securities, the rate or rates per annum (which may be fixed or variable) at which such Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which such interest will be payable and the record dates for such payments;
- the dates on which and the price or prices at which such Debt Securities will, pursuant to any required repayment provisions, or may, pursuant to any repurchase or redemption provisions, be repurchased, redeemed or repaid and the other terms and provisions of any such optional repurchase or redemption or required repayment;
- any special provisions for the payment of additional interest with respect to such Debt Securities;
- any additional events of default provided with respect to such Debt Securities;
- terms for any conversion or exchange of such Debt Securities into other securities;
- the general terms or provisions pursuant to which the Debt Securities are to be issued;
- the Trustee under the Trust Indenture pursuant to which the Debt Securities are to be issued, if applicable;
- the extent and manner, if any, to which payment on or in respect of such Debt Securities will be senior to, or will be subordinated to the prior payment of, other liabilities and obligations of the Corporation;
- any redemption, retraction or call terms or terms under which such Debt Securities may be defeased;
- whether such Debt Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any special tax implications of or any special provision, or indemnities relating to such Debt Securities;
- any exchange or conversion terms;
- the general terms or provisions, if any, pursuant to which such Debt Securities are to be guaranteed or secured;
- whether such Debt Securities will be subordinated to other liabilities of the Corporation;
- any material covenants included for the benefit of holders of Debt Securities;

- whether such Debt Securities will be issuable in the form of one or more registered global securities, and if so, the identity of the depository for such registered global Debt Securities; and
- any other material terms and conditions of the Debt Securities, including events of default and amendment provisions.

The Corporation reserves the right to set forth in a Prospectus Supplement specific terms of the Debt Securities that are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Debt Securities described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement.

Neither the aggregate principal amount of Debt Securities that will be issued and sold nor the issue price to the public of the Debt Securities has been established, as the Debt Securities will be issued at such times, in such amounts and at such prices as the Corporation determines from time to time. Debt Securities issued hereunder will be offered and sold during the 25-month period from the date of this short form base shelf prospectus at prices to be negotiated, and the prices at which the Debt Securities will be offered and sold may vary as between purchasers and during the distribution period.

DESCRIPTION OF WARRANTS

The following description, together with the additional information the Corporation may include in any applicable Prospectus Supplement, summarizes the material terms and provisions of the Warrants that the Corporation may offer under this Prospectus in one or more series. While the terms the Corporation has summarized below will apply generally to any Warrants that it may offer under this Prospectus, the Corporation will describe the particular terms of any series of Warrants that it may offer in more detail in the applicable Prospectus Supplement.

Unless the applicable Prospectus Supplement otherwise indicates, Warrants will be issued under and governed by the terms of one or more warrant indentures (each a “**Warrant Indenture**”) between the Corporation and a warrant trustee that the Corporation will name in the relevant Prospectus Supplements. Each warrant trustee will be a financial institution organized under the laws of Canada or any province thereof and authorized to carry on business as a trustee.

This section describes the general terms that will apply to any Warrants. Warrants may be offered separately or together with other Securities, as the case may be. Each series of Warrants may be issued under a separate warrant indenture or warrant agency agreement to be entered into between the Corporation and one or more banks or trust companies acting as Warrant agent or may be issued as stand-alone contracts. The applicable Prospectus Supplement will include details of the Warrant agreements governing the Warrants being offered. The Warrant agent is expected to act solely as the agent of the Corporation and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants.

The statements made in this Prospectus relating to any Warrant Indenture and Warrants to be issued under this Prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Warrant Indenture, if any, or Prospectus Supplement. Prospective purchasers should refer to the Prospectus Supplement and Warrant Indenture, if applicable, relating to the specific Warrants being offered for the complete terms of the Warrants. A copy of any Warrant Indenture relating to an offering of Warrants will be filed by the Corporation with the applicable securities regulatory authorities in Canada after the Corporation has entered into it and will be available electronically at www.sedar.com.

The particular terms of each issue of Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

- the designation and aggregate number of the Warrants;

- the price at which the Warrants will be offered;
- the currency or currencies in which the Warrants will be offered;
- the date on which the right to exercise the Warrants will commence and the date on which the right will expire;
- the class and/or number of Common Shares that may be purchased upon exercise of each Warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each Warrant;
- the terms of any provisions allowing for adjustment in (i) the class and/or number of Common Shares or other securities or property that may be purchased, (ii) the exercise price per Common Share, or (iii) the expiry of the Warrants;
- whether the Corporation will issue fractional shares;
- the designation and terms of any Securities with which the Warrants will be offered, if any, and the number of the Warrants that will be offered with each security;
- the date or dates, if any, on or after which the Warrants and the related Securities will be transferable separately;
- whether the Warrants will be subject to redemption and, if so, the terms of such redemption provisions;
- whether the Corporation has applied to list the Warrants and/or the related Common Shares on a stock exchange; and
- any other material terms or conditions of the Warrants.

The Corporation reserves the right to set forth in a Prospectus Supplement specific terms of the Warrants that are not within the options and parameters set forth in this Prospectus. In addition, to the extent that any particular terms of the Warrants described in a Prospectus Supplement differ from any of the terms described in this Prospectus, the description of such terms set forth in this Prospectus shall be deemed to have been superseded by the description of such differing terms set forth in such Prospectus Supplement with respect to such Warrants.

DESCRIPTION OF UNITS

The Corporation may issue Units comprised of one or more of the other Securities described herein in any combination. The Prospectus Supplement relating to the particular Units offered thereby will describe the terms of such Units and, as applicable, the terms of such other Securities.

Each Unit is expected to be issued so that the holder of the Unit is also the holder of each security included in the Unit. Thus, the holder of a Unit is expected to have the rights and obligations of a holder of each included security. The Unit agreement, if any, under which a Unit is issued may provide that the Securities included in the Unit may not be held or transferred separately, at any time or at any time before a specified date.

The particular terms and provisions of Units offered by any applicable Prospectus Supplement, and the extent to which the general terms and provisions described above may apply thereto, will be described in the Prospectus Supplement filed in respect of such Units.

USE OF PROCEEDS

The aggregate proceeds of distributions of Securities under this Prospectus shall not exceed \$20,000,000. The net proceeds to be received by the Corporation from the distribution from time to time of Securities under this Prospectus will be the gross proceeds of such issue less any commissions and expenses paid in connection therewith.

Unless otherwise specified in a Prospectus Supplement, the net proceeds received by the Corporation from the sale of the Securities will be used for working capital and general corporate purposes. A Prospectus Supplement will contain specific information about the use of proceeds from the sale of the Securities under that Prospectus Supplement.

More detailed information regarding the use of proceeds from the sale of the Securities will be described in any applicable Prospectus Supplement. Pending the application of the net proceeds, the Corporation intends to invest the net proceeds in investment-grade, interest-bearing securities, the primary objectives of which are liquidity and capital preservation.

PLAN OF DISTRIBUTION

The Corporation may offer and sell its Securities to or through underwriters, dealers, placement agents, agents or other intermediaries and the Corporation may also offer and sell its securities directly to one or more purchasers or through agents in negotiated transactions, block trades, equity lines of credit or a combination of these methods, subject to obtaining any applicable exemption from registration requirements. The Securities offered pursuant to any Prospectus Supplement may be sold from time to time in one or more transactions at:

- a fixed price or prices, which may be changed from time to time;
- market prices prevailing at the time of sale;
- prices related to such prevailing market prices; or
- other negotiated prices.

The Corporation may only offer and sell the Securities pursuant to a Prospectus Supplement during the 25-month period that this Prospectus, including any amendments hereto, remains effective. The Prospectus Supplements for any of the Securities being offered thereby will set forth the terms of the offering of such Securities, including the type of Securities being offered, the name or names of any underwriter, dealer, placement agent, agent or other intermediary, the purchase price of such Securities, the proceeds to the Corporation from such sale, any underwriting commissions or discounts and other items constituting compensation and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers, placement agents, agents or other intermediaries. Only underwriters, dealers, placement agents, agents or other intermediaries so named in the Prospectus Supplements are deemed to be underwriters in connection with the Securities offered thereby.

In connection with the sale of Securities, underwriters, dealers, placement agents, agents or other intermediaries may receive compensation from the Corporation or from purchasers of Securities for whom they may act as intermediary or agents in the form of discounts, concessions or commissions. Underwriters, dealers, placement agents, agents or other intermediaries that participate in the distribution of Securities may be deemed to be underwriters and any discounts or commissions received by them from the Corporation and any profit on the resale of securities by them may be deemed to be underwriting discounts and commissions under applicable securities legislation.

If so indicated in the applicable Prospectus Supplements, the Corporation may authorize dealers, placement agents, agents, other intermediaries or other persons acting as its agents to solicit offers by certain institutions to purchase the Securities directly from the Corporation pursuant to contracts providing for payment and delivery on a future date. These contracts will be subject only to the conditions set forth in the applicable Prospectus Supplements, which will also set forth the commission payable for solicitation of these contracts.

Any offering of Subscription Receipts, Debt Securities, Warrants or Units will be a new issue of securities with no established trading market. **Unless otherwise specified in the applicable Prospectus Supplements, the Subscription Receipts, the Debt Securities, the Warrants or the Units will not be listed on any securities exchange. Unless otherwise specified in the applicable Prospectus Supplements, there is no market through which the Subscription Receipts, the Debt Securities, the Warrants or the Units may be sold and purchasers may not be able to resell Subscription Receipts, Debt Securities, Warrants or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Subscription Receipts, the Debt Securities, the Warrants or the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities, and the extent of issuer regulation.** Certain dealers may make a market in the Subscription Receipts, the Debt Securities, the Warrants or the Units.

The Prospectus Supplements will set forth the terms of the offering of Securities, including:

- the name or the names of any underwriters, dealers, placement agents, agents or other intermediaries, if any;
- the purchase price of, and form of consideration for, the Securities and the proceeds;
- any delayed delivery arrangements;
- any underwriting commissions, fees, discounts and other items constituting underwriters' compensation;
- the offering price;
- any discounts or concessions allowed or re-allowed or paid to dealers; and
- any other securities exchanges on which the Securities may be listed, if any.

Only the underwriters, dealers, placement agents, agents or other intermediaries named in a Prospectus Supplement are deemed to be underwriters in connection with the Securities offered by that Prospectus Supplement.

The Common Shares may be sold, from time to time in one or more transactions at a fixed price or prices that may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices.

Under agreements that may be entered into by CO₂ Solutions, underwriters, dealers, placement agents, agents or other intermediaries who participate in the distribution of Securities may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under any applicable Canadian provincial securities legislation, or to contributions with respect to payments that such underwriters, dealers, placement agents, agents or other intermediaries may be required to make in that respect.

In connection with an offering, underwriters, dealers, placement agents, agents or other intermediaries, if any, may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and would be subject to applicable law.

By Underwriters, Dealers, Placement Agents or Other Intermediaries

If underwriters, dealers, placement agents or other intermediaries are used in the sale, the Securities will be acquired by such underwriters, dealers, placement agents or other intermediaries for their own account, as principals, and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, dealers, placement agents or other intermediaries may be changed from time to time. Unless otherwise set forth in the Prospectus Supplements relating thereto, the obligations of underwriters, dealers, placement agents or other intermediaries to purchase the Securities will be subject to certain

conditions, but the underwriters, dealers, placement agents or other intermediaries will be obligated to purchase all of the Securities offered by the Prospectus Supplements if any of such Securities are purchased. The Corporation may agree to pay the underwriters, dealers, placement agents or other intermediaries a fee or commission for various services relating to the offering of any Securities. Any such fees or commissions will be paid out of the general corporate funds of the Corporation.

By Agents

The Securities may also be sold through agents designated by the Corporation. Any agent involved will be named, and any fees or commissions payable by the Corporation to such agent will be set forth, in the applicable Prospectus Supplements. Any such fees or commissions will be paid out of the general corporate funds of the Corporation. Unless otherwise indicated in the Prospectus Supplements, any agent will be acting on a best efforts basis for the period of its appointment.

Direct Sales

Securities may also be sold directly by the Corporation at such prices and upon such terms as agreed to by the Corporation and the purchaser. In this case, no underwriters, dealers, placement agents, agents or other intermediaries would be involved in the offering.

CONSOLIDATED CAPITALIZATION

Since June 30, 2015, the Corporation has issued (i) 400,000 Common Shares in settlement of certain services provided to the Corporation; and (ii) 29,169 Common Shares pursuant to the exercise of outstanding common share purchase warrants.

PRIOR SALES

The following table sets out the details of the issuance by the Corporation of Common Shares, stock options, purchase warrants and any other securities convertible or exchangeable into Common Shares, if any, during the 12-month period before the date of this Prospectus:

<u>Type of Security</u>	<u>Number of Securities</u>	<u>Price per Security or Exercise Price, as applicable</u>	<u>Issuance Date</u>
Stock options ⁽¹⁾	1,037,500	\$0.100	November 26, 2014
Common share purchase warrants ⁽²⁾	741,562	\$0.250	May 20, 2015
Common Shares ⁽³⁾	16,666	\$0.120	May 22, 2015
Common Shares ⁽⁴⁾	8,334	\$0.150	May 22, 2015
Common Shares ⁽⁴⁾	41,670	\$0.150	May 27, 2015
Common Shares ⁽⁵⁾	83,333	\$0.120	June 3, 2015
Common Shares ⁽⁶⁾	15,218,400	\$0.250	June 5, 2015
Common share purchase warrants ⁽⁷⁾	15,218,400	\$0.350	June 5, 2015
Broker units ⁽⁸⁾	633,500	\$0.250	June 5, 2015
Common Shares ⁽³⁾	16,666	\$0.120	June 8, 2015
Common Shares ⁽⁴⁾	8,334	\$0.150	June 8, 2015
Common Shares ⁽⁴⁾	41,670	\$0.150	June 8, 2015
Common Shares ⁽⁹⁾	144,000	\$0.100	June 10, 2015
Common Shares ⁽¹⁰⁾	413,764	\$0.278	June 19, 2015
Common Shares ⁽¹¹⁾	9,883,328	\$0.120	June 19, 2015
Common share purchase warrants ⁽¹²⁾	200,000	\$0.271	June 22, 2015
Common Shares ⁽⁹⁾	99,000	\$0.100	June 29, 2015
Common Shares ⁽¹³⁾	400,000	\$0.250	July 28, 2015

Type of Security	Number of Securities	Price per Security or Exercise Price, as applicable	Issuance Date
Common Shares ⁽⁴⁾	29,169	\$0.150	October 22, 2015

- (1) Grant of stock options (the “**Options**”) under the Corporation’s amended stock option plan (the “**Stock Option Plan**”) exercisable at a price of \$0.10 per Common Share until November 26, 2019.
- (2) Common share purchase warrants (the “**Warrants (2014)**”) exercisable at a price of \$0.25 per Common Share until July 3, 2017 issued further to the exercise of non-transferable broker units (the “**2014 Broker Units**”) issued as partial payment of the commission to Euro Pacific Canada Inc. in connection with a private placement of units (the “**Units (2014)**”) completed in July 2014. Each 2014 Broker Unit entitles the holder thereof to acquire a Unit (2014) at a price of \$0.15 per Unit (2014), until July 3, 2017. Each Unit (2014) is comprised of one Common Share and one Warrant (2014).
- (3) Common Shares issued upon conversion of \$2,000 principal amount of 10% convertible unsecured subordinated debentures (the “**Convertible Debentures**”) at a conversion price of \$0.12 per Common Share.
- (4) Common Shares issued upon exercise of common share purchase warrants (the “**Warrants (2013)**”) at a price of \$0.15 per Common Share.
- (5) Common Shares issued upon conversion of \$10,000 principal amount of Convertible Debentures at a conversion price of \$0.12 per Common Share.
- (6) Common Shares issued in connection with a private placement of units (the “**Units (2015)**”) completed in June 2015 (the “**2015 Private Placement**”). Each Unit (2015) is comprised of one Common Share and one common share purchase warrant (the “**Warrants (2015)**”).
- (7) Warrants (2015) exercisable at a price of \$0.35 per Common Share until June 5, 2018 issued in connection with the 2015 Private Placement.
- (8) Non-transferable broker units (the “**2015 Broker Units**”) issued as partial payment of the commission to Euro Pacific Canada Inc. under the 2015 Private Placement. Each 2015 Broker Unit entitles the holder thereof to acquire a Unit (2015), at a price of \$0.25 per Unit (2015), until June 5, 2018.
- (9) Common Shares issued upon exercise of Options at a price of \$0.10 per Common Share.
- (10) Common Shares issued as payment of the interest accrued on all outstanding Convertible Debentures at a deemed price of \$0.278 per Common Share.
- (11) Common Shares issued upon the forced conversion of the principal of all outstanding Convertible Debentures at a deemed price of \$0.12 per Common Share.
- (12) Common share purchase warrants exercisable at a price of \$0.271 per Common Share until the earlier of June 22, 2018 or until the collaboration agreement dated June 22, 2015 between Cleveland Gas Systems, LLC, dba GasTrans Systems (“**GTS**”) and the Corporation (the “**GTS Collaboration Agreement**”) is terminated in certain circumstances, issued to GTS as partial consideration under the terms of the GTS Collaboration Agreement.
- (13) Common Shares issued in settlement of certain services provided to the Corporation at a deemed price of \$0.25 per Common Share.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX-V under the symbol “CST”. The following table sets forth information relating to the reported high and low sales prices and the cumulative volume of trading of the Common Shares on the TSX-V, for the periods indicated.

	Price Ranges		Trading Volumes
	High (\$)	Low (\$)	
November 2014	0.095	0.075	2,071,450
December 2014	0.095	0.070	2,951,843
January 2015	0.080	0.065	1,156,998
February 2015	0.090	0.075	1,626,468
March 2015	0.100	0.080	1,000,083
April 2015	0.180	0.080	9,094,811
May 2015	0.340	0.130	69,273,722
June 2015	0.280	0.225	14,344,694
July 2015	0.275	0.205	7,365,084
August 2015	0.260	0.175	6,672,446
September 2015	0.215	0.165	4,051,466

	Price Ranges		Trading Volumes
	High (\$)	Low (\$)	
October 2015	0.240	0.165	5,078,577
November 1-5, 2015	0.215	0.190	565,084

RISK FACTORS

There are a number of risks that prospective purchasers should consider before investing in the Securities of CO₂ Solutions, including, but not necessarily limited to, those risks set forth under “Risk Factors and Uncertainties” in the Corporation’s Annual Information Form, the Corporation’s MD&A and in other documents incorporated by reference herein.

In addition, a purchaser should carefully consider the following risk factors as well as the other information contained in this Prospectus before purchasing Securities. The risks and uncertainties below and set forth in the Corporation’s Annual Information Form, the Corporation’s MD&A and in other documents incorporated by reference are not the only ones related to the Corporation. There are additional risks and uncertainties that the Corporation does not presently know of or that the Corporation currently considers immaterial which may also impair the Corporation’s business operations and cause the price of the Common Shares or other Securities to decline.

Risk Factors Related to Securities Offered under This Prospectus

Broad Discretion of the Corporation in the Use of the Net Proceeds from the Securities Offered under This Prospectus

Management of the Corporation will have broad discretion in the application of the net proceeds from the Securities offered under this Prospectus and could spend the proceeds in ways that do not improve the Corporation’s results of operations or enhance the value of the Common Shares. The failure by the management of the Corporation to apply these funds effectively could result in financial losses that could have a material adverse effect on the Corporation’s business, cause the price of the Common Shares to decline and delay the development of the Corporation’s product candidates. Pending their use, the Corporation may invest the net proceeds from the Securities offered under this Prospectus in a manner that does not produce income or that loses value.

Sales of Securities of the Corporation by Directors and Officers May have an Effect on the Market Price of such Securities

Subject to compliance with applicable securities laws, directors and officers and their affiliates may sell some or all of their securities in the Corporation in the future. No prediction can be made as to the effect, if any, such future sales will have on the market price of the Corporation’s Securities prevailing from time to time. However, the future sale of a substantial number of securities by the Corporation’s directors and officers and their controlled entities, or the perception that such sales could occur, could adversely affect prevailing market prices for the Corporation’s securities.

Market for the Securities

There is currently no market through which the Securities, other than the Common Shares, may be sold and purchasers may not be able to resell the Securities purchased under this Prospectus and the Subscription Receipts, the Debt Securities, the Warrants and the Units will not be listed on any securities or stock exchange or any automated dealer quotation system. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Common Shares, will develop or, if developed, that any such market will be sustained.

LEGAL MATTERS

Certain legal matters relating to the offering of Securities under this Prospectus will be passed upon by McCarthy Tétrauld LLP. As of the date hereof, the partners and associates of McCarthy Tétrauld LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares of the Corporation or any of its associates or affiliates.

AUDITOR, TRANSFER AGENT AND REGISTRAR

CO₂ Solutions' auditor is PricewaterhouseCoopers LLP, Place de la Cité, Tour Cominar, 2640, boulevard Laurier, bureau 1700, Québec QC G1V 5C2. PricewaterhouseCoopers LLP is independent within the meaning given to this term in the Code of Ethics of the chartered professional accountants (Québec).

The Corporation's registrar and transfer agent is Computershare Investor Services Inc., at its principal offices in Montréal and Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus, the accompanying Prospectus Supplements and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the Prospectus, the accompanying Prospectus Supplements or any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Securities that are convertible, exchangeable or exercisable, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which such convertible, exchangeable or exercisable Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces of Canada, if the purchaser pays additional amounts upon conversion, exchange or exercise of such Securities, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF THE CORPORATION

November 6, 2015

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in the provinces of British Columbia, Alberta, Ontario and Québec.

(s) Evan Price

Evan Price
President
and Chief Executive Officer

(s) Thom Skinner

Thom Skinner
Senior Vice President, Finance
and Chief Financial Officer

On behalf of the Board of Directors

(s) Glenn R. Kelly

Glenn R. Kelly
Director

(s) Kimberley Okell

Kimberley Okell
Director