



TSX-V: CST

CO₂ Solutions Announces Fiscal 2017 Second Quarter Results

Provides Update on projects and operations

Quebec City, Quebec, February 28, 2017– CO₂ Solutions Inc. (the “Corporation”) (TSX-V:CST) announced today the filing of its financial results for the second quarter ended December 31, 2016. The Corporation’s detailed financial statements and management report can be found on www.sedar.com.

Second quarter and subsequent highlights:

- **Corporation Receives \$3 Million Grant from Government of Quebec for its Saint-Félicien Project and Appoints Project Lead Engineering Firm**
- **Acquisition of Intellectual Property of Competitor**
- **Announcement of Collaboration Agreement with Seneca Experts-Conseils Inc.**
- **Completion of the equipment performance assessment**
- **Announcement of Senior Management Changes**

On August 11, 2016, the Corporation announced the execution of a definitive agreement with Fibrek General Partnership, a subsidiary of Resolute Forest Products Inc., and Serres Toundra Inc. for the deployment of a \$7.4 million carbon capture unit at a pulp mill near Saint-Félicien, in the Lac-St-Jean region of Quebec (Canada) and the commercial reuse of the CO₂ from the pulp mill in the nearby Serres Toundra greenhouse. On December 14, 2016, the Corporation announced that the Quebec’s *Ministère de l’Énergie et des Ressources naturelles* (Technoclimat) will provide \$3 million towards the project in the form of a non-refundable grant. This grant complements the March 2016 announcement of a \$2.4 million non-refundable grant received from Sustainable Development Technology Canada (SDTC) for the same project, bringing government support of the project up to \$5.4 million. With the government grant commitments in place the project officially kicked off in December 2016.

Akermin, a CO₂ Solutions competitor in North America and Europe, has permanently ceased operations. On November 8, 2016, CO₂ Solutions announced that it had entered into an asset purchase agreement with Akermin pursuant to which the Corporation purchased certain intellectual property and other assets owned by Akermin for a value of \$400,000. Pursuant to the terms of the asset purchase agreement, the Corporation issued, as payment in full of the purchase price for the Akermin assets, 2,000,000 common shares of CO₂ Solutions Inc. at a deemed price of \$0.20 per common share to Akermin. The acquisition of these intellectual property assets will further strengthen the Corporation’s portfolio surrounding carbon capture using carbonic anhydrase and combined with the cessation of operations of Akermin, the Corporation believes that this asset acquisition confirms CO₂ Solutions’ position as the leading provider of this demonstrated low-cost and environmentally friendly, enzyme-based technology to capture CO₂.

On November 15, 2016, the Corporation and Seneca Experts-Conseils Inc., a consulting and engineering firm specialized in the design and realization of industrial processing plants in Quebec and abroad, together announced that they had entered into an independent collaboration agreement to jointly deploy market opportunities for carbon capture, storage and usage in industrial settings. Under the terms of the agreement, CO₂ Solutions and Seneca will collaborate on bringing to market and building carbon capture solutions, combining CO₂ Solutions’ low-cost, environmentally friendly enzyme-enabled technology with Seneca’s process engineering expertise. Through this collaboration, CO₂ Solutions believes it will gain more ready access to a number of potential customers in industries such as food processing, biogas processing and carbonation processes in the mineral extraction sector and thus accelerate development of the Corporation’s business pipeline and facilitate project realization.

During the month of October 2016, the Corporation completed a series of tests at the Energy & Environmental Research Center (EERC) relative to the high-intensity gas-liquid rotating packed bed

(RPB) technology it has been considering as a complementary technology to the current packed tower offering. The programme, funded in part by a grant from the Natural Resources Canada ecoENERGY Innovation Initiative, consisted of an extended testing session at relevant scale allowing for testing of both the CO₂ absorption and stripping performance of RPB units from two suppliers. The Corporation is pleased with the testing results and can confirm that a significant potential capital cost reduction for carbon capture plants is achievable. Both the Corporation's packed tower and RPB equipment approaches have now demonstrated stable and efficient capture capabilities meeting industrial requirements. The Corporation intends to continue testing of the RPB at larger scale for use in an industrial environment, within the context of the Quebec government funded carbon cycle project (*Valorisation Carbone Québec*). As announced in the Quebec budget in March 2016, the objective of the VCQ project is to demonstrate a complete industrial CO₂ cycle, from capture to reuse into value-added products.

On January 10, 2017, it was announced that the Corporation has appointed Richard Surprenant, P. Eng., as Senior Vice President, Process Engineering and Chief Technology Officer of the Corporation. Mr. Surprenant, an experienced technical professional, with more than 25 years of process engineering, engineering development, project management and technology commercialization experience, will be responsible for leading the continued development, application, deployment, relationships with engineering collaborators and commercialization of CO₂ Solutions' carbon capture technology. Mr. Surprenant's process engineering experience includes 20 years in managerial and process engineering positions with Shell Canada, most recently as Commercial Manager, Heavy Oil (Canada). Prior to Shell Mr. Surprenant held positions as Process Engineer with Irving Oil and as Senior Field Engineer with Dowell Schlumberger (Algeria). With the arrival of Mr. Surprenant, Dr. Louis Fradette, the Corporation's former Senior Vice President, Process Engineering and Chief Technology Officer, will move into the new role of Director of the *Valorisation Carbone Québec* Project, where he will assume the leadership of that major project.

In addition, today, February 28, 2017, CO₂ Solutions' Vice President of Business Development, Mr. Jonathan Carley, resigned from the Corporation. The Corporation thanks Mr. Carley for his valuable contributions over the past years to the development of the Corporation and wishes him success in his future endeavours. Mr. Carley's business development responsibilities will be taken on by the other members of the Corporation's management team.

Summary of financial results for the three-month and six-month periods ended December 31, 2016

Revenues

The Corporation recorded no revenues for the three-month period or the six-month period ended December 31, 2016 and 2015. Funds received from subsidy agreements signed with government agencies are not treated as revenue. Rather these amounts are accounted for as a deduction from research and development expenses in the period the contribution is claimed and accrued.

Research and Development Expenses

Research and development expenses, before tax credits and government assistance, decreased by \$0.14 million, totalling \$0.47 million for the three-month period ended December 31, 2016, compared with \$0.61 million for the same period in 2015. Decreases in the three-month period from that of the prior year reflect the work associated with the ecoENERGY carbon capture demonstration project which was started in January 2013 and completed by December 31, 2016. These expenses will vary based upon on-going projects undertaken by the Corporation. For the six-month period ended December 31, 2016, research and development expenditures, before tax credits and government assistance, decreased by \$0.65 million to \$1.08 million. As was the case relative to the three-month decrease, this decrease reflects the wind down of the research and development activities associated with the ecoEnergy project which was completed by December 2016.

Quebec provincial research and development credits accrued during the quarter were \$0.10 million.

General and administrative expenses

General and administrative expenses totalled \$0.75 million for the three-month period ended December 31, 2016, compared with \$0.63 million for the same period in 2015, representing an increase of \$0.12 million. This net increase is predominantly related to an increase in compensation related expenses (cash based salaries and benefits and non-cash based stock compensation) of \$0.12 million, offset by a non-cash increase in patent amortization expense relative to the write-down in value of certain patents of \$0.09 million and a decrease of \$0.08 million professional fees primarily related to legal and professional fees associated with public relations, investor relations and communications and general administration. General and administrative expenses totalled \$1.21 million for the six-month period ended December 31, 2016, compared with \$1.06 million for the same period in 2015. This net increase is predominantly related to a net increase in compensation related expenses (cash based salaries and benefits and non-cash based stock compensation) of \$0.12 million, offset by decreases of \$0.07 million in professional fees primarily related to legal and professional fees associated with public relations, investor relations and communications and general administration.

Loss and Comprehensive Loss for the Quarter

The Corporation recorded a loss of \$1.35 million or \$0.01 per share, for the three-month period ended December 31, 2016, a decrease of \$0.04 million from the loss of \$1.39 million, or \$0.01 per share, for the same period in 2015. For the six-month period ended December 31, 2016, the Corporation recorded a loss of \$2.75 million or \$0.02 per share, a decrease of \$0.23 million from the loss of \$2.98 million, or \$0.02 per share, for the same period in 2015. No significant factors, other than those described above, contributed to the change in the loss for the three-month or the six-month periods.

Liquidity and Financial Position

As at December 31, 2016, the Corporation had an aggregate balance of cash and short term investments of \$1.08 million and negative working capital (current assets less current liabilities) of \$1.36 million.

The unaudited condensed interim consolidated financial statements for the six-month period ended December 31, 2016 and 2015, and related notes included therein and the Management's Discussion and Analysis for the period ended December 31, 2016, and additional information regarding the Corporation, are available on SEDAR at www.sedar.com.

Grant of Restrictive Share Units (RSU's)

In connection with the management changes noted above, on February 27, 2017, in accordance with the terms of the RSU plan that was approved in November 2015, the Corporation's Board of Directors granted 166,667 RSU's to an officer. The RSU's were valued at \$0.15 per share, that being the last closing price of the Corporation's Common Shares on the TSXV immediately prior to the date as at which market value of the units is determined, that date being February 24, 2017. The RSU's granted will fully vest on August 31, 2017.

About CO₂ Solutions Inc.

CO₂ Solutions is an innovator in the field of enzyme-enabled carbon capture and has been actively working to develop and commercialize the technology for stationary sources of carbon pollution. CO₂ Solutions' technology lowers the cost barrier to Carbon Capture, Sequestration and Utilization (CCSU), positioning it as a viable CO₂ mitigation tool, as well as enabling industry to derive profitable new products from these emissions. CO₂ Solutions has built an extensive patent portfolio covering the use of carbonic anhydrase, or analogues thereof, for the efficient post-combustion capture of carbon dioxide with low-energy aqueous solvents. Further information can be found at www.co2solutions.com.

CO₂ Solutions Forward-looking Statements

Certain statements in this news release may be forward-looking. These statements relate to future events or CO₂ Solutions' future economic performance and reflect the current assumptions and expectations of management. Certain unknown factors may affect the events, economic performance and results of operation described herein. CO₂ Solutions undertakes no obligation to update or revise any forward-

looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law.

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