

## **CO<sub>2</sub> Solutions Announces Loan Financing**

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**Quebec City, QC, August 12, 2016** – CO<sub>2</sub> Solutions Inc. (“**CO<sub>2</sub> Solutions**” or the “**Corporation**”) (TSX V: CST) announces that it has accepted a loan proposal by Dundurn Capital Partners (“**DCP**”), an affiliate of Robert Manherz, a director of the Corporation, for a loan in the amount of up to \$500,000 providing for a first draw down of \$200,000 and potential for subsequent draw downs in amounts of \$100,000 with a maximum of \$100,000 per month (the “**Loan**”). DCP will have the right, before execution of the loan agreement governing the terms and conditions of the Loan, to identify other lenders that will enter into the loan agreement to share its obligations under the Loan (collectively with DCP, the “**Lenders**”).

The Loan will be repayable in full upon the earlier of the second anniversary of the initial draw down or the completion of the next financing of the Corporation. In addition, CO<sub>2</sub> Solutions may prepay all or a portion of the Loan in advance at any time without penalty. The Loan bears interest at an annual rate of 12% accruing from the date of advance, and includes standby fees of 3% per annum on any undrawn available balance of the Loan as long as any amount is due by CO<sub>2</sub> Solutions to the Lenders under the Loan or if CO<sub>2</sub> Solutions and the Lenders agree to maintain the Loan available to CO<sub>2</sub> Solutions after repayment as well as draw down fees of 2% for each advance under the Loan and a commitment fee of 3% paid out of the first draw down under the Loan.

CO<sub>2</sub> Solutions’ obligations with respect to the Loan will be secured by a movable hypothec granted by CO<sub>2</sub> Solutions over the universality of its movable property including but not limited to its patent portfolio. The hypothec will be ranked after currently outstanding hypothecs over CO<sub>2</sub> Solutions’ assets.

In connection with the Loan, CO<sub>2</sub> Solutions has agreed to issue 2,941,176 non-transferable common shares purchase warrants (the “**Warrants**”) of CO<sub>2</sub> Solutions to the Lenders, to be allocated proportionally to the Lenders on the basis of their committed amounts under the Loan. Each Warrant will entitle its holder to acquire one common share (a “**Common Share**”) of CO<sub>2</sub> Solutions at a price of \$0.17 per Common Share until the second anniversary of the first draw down provided that, if the Loan is repaid within the first year following the initial draw down, the term of the Warrants will be reduced to the later of one year from their issuance and 30 days from the repayment of the Loan. The Warrants, and underlying Common Shares, will be subject to a four-month hold period from the date of issuance of the Warrants.

The proceeds of the Loan will be used for working capital and general corporate purposes.

The closing and disbursement of the Loan is subject to customary conditions precedent, including the approval of the TSX Venture Exchange, and the Lender’s obligation to advance any amount under the Loan is subject to a requirement that CO<sub>2</sub> Solutions has less than \$500,000 in cash on hand on the date of the borrowing notice issued to the Lenders.

As Mr. Manherz is considered a “related party” of the Corporation under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions (Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* in Quebec) (“**MI 61-101**”) as a director and holder of more than 10% of the Common Shares, his participation in the Loan will constitute a “related party transaction” as defined under MI 61-101. The Loan is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities to be issued to the related party nor the consideration being paid by related party exceed 25% of the Corporation’s market capitalization. The Loan and its terms have been reviewed and unanimously approved by the disinterested directors of the Corporation.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, or to, or for the account or benefit of U.S. persons (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”). The securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States or to or for the account or benefit of a “U.S. person” (as defined in Regulation S under the U.S. Securities Act) unless an exemption from such registration is available.

#### **About CO<sub>2</sub> Solutions Inc.**

CO<sub>2</sub> 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. CO<sub>2</sub> Solutions’ technology lowers the cost barrier to Carbon Capture, Sequestration and Utilization (CCSU), positioning it as a viable CO<sub>2</sub> mitigation tool, as well as enabling industry to derive profitable new products from these emissions. CO<sub>2</sub> 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](http://www.co2solutions.com).

#### **CO<sub>2</sub> Solutions Forward-looking Statements**

Certain statements in this news release may be forward-looking. These statements relate to future events or CO<sub>2</sub> Solutions’ future economic performance and reflect the current assumptions and expectations of management. Forward-looking statements in this news release include, but are not limited to, the terms of the Loan, the successful completion of the Loan and the Corporation’s anticipated use of proceeds. Factors that could cause actual results to differ materially from such forward-looking statements include, but are not limited to, failure to obtain TSX Venture Exchange approval of the Loan, general business and economic uncertainties and adverse market conditions as well as those risks set out in the Corporation’s public documents filed on SEDAR. No assurance can be given that the Loan will be completed as described, or at all. Readers are cautioned not to place undue reliance on such forward-looking statements. CO<sub>2</sub> 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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***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***