

TSX-V: CST

CO₂ Solutions Announces Fiscal 2018 Third Quarter Results

Quebec City, Quebec, May 22, 2018 – CO₂ Solutions Inc. (the “Corporation” or “CO₂ Solutions”) (TSX-V: CST) today announced its financial results for the three-month period ended March 31, 2018. The Corporation’s detailed financial statements and management’s discussion and analysis (“MD&A”) will be filed and available on www.sedar.com.

Three-month Period ended March 31, 2018 and Subsequent Operational Highlights:

Information on the Saint-Félicien Project

The Saint-Félicien project continues to be on budget and on schedule. The engineering and procurement of long lead items are complete and the Corporation has selected the contractor, Alco TMI from Alma, QC to build the capture unit and install it on the site at the Resolute Forest Product pulp mill in Saint-Félicien, QC. Construction of the Saint-Félicien capture unit is expected to be completed by the fourth quarter of 2018, followed by a six-month period of commissioning and demonstration. After this will begin the commercial operation, which consists in providing CO₂ to Serres Toundra’s adjacent greenhouses.

Information on the VCQ Project

The Corporation continues to lead the world’s most comprehensive CO₂ capture and utilization demonstration project known as Valorisation Carbone Québec (“VCQ”). Started in February 2017, the objectives of this project are to develop and demonstrate commercially viable end-to-end solutions to capture and utilize CO₂ in various applications while reducing greenhouse gas (GHG) emissions.

In its successful first year, the VCQ project marked the following milestones:

- The creation of the management and scientific orientation committees responsible for overseeing the governance of the VCQ project were put in place. Membership of these committees is drawn from executives and scientists from industry (Suncor, Total, Hatch, CO₂ Solutions), academia (Université Laval, Polytechnique de Montréal) and the Quebec government;
- Total S.A. signed on as the VCQ project’s first Industrial Partner (see below);
- additional industrial CO₂ utilization technology and end-use partners have been identified and discussions are currently being pursued along multiple fronts to broaden even further industry’s and academia’s participation in the VCQ project;
- an agreement was reached with Chimie Parachem (Parachem), a 51% subsidiary of Suncor Energy, for use of their industrial facilities in Montreal-East as the chosen VCQ demonstration site;
- a 10-tonne per day carbon capture plant utilizing CO₂ Solutions’ enzymatic process in packed columns was successfully commissioned at the Parachem facilities;
- a 10-tonne rotating packed bed contactor has been ordered and is slated for delivery at the VCQ demonstration site by September 2018 to be followed by an operational demonstration;
- over 100 CO₂ utilization technologies from around the world were evaluated for their potential to effectively participate in the VCQ project;
- agreements were reached with providers of CO₂ utilization technologies converting CO₂ into methanol, dimethyl ether and protein for animals, such as Kiverdi and Pioneer Energy;

- Hatch Ltd. a major international consulting engineering and implementation firm, committed to provide engineering and other services to realize the installation of the various capture and utilization units on the Parachem site and, upon the conclusion of the demonstrations, will generate the related techno-economic reports;
- Carbon Consult Group, a leading carbon management and valorization group has agreed to join the VCQ project as a supplier of services to quantify the reduction of GHG emissions offered by the various technologies.

CO₂ Solutions Welcomes Total as an Industrial Partner in the VCQ Project

On March 27, 2018, CO₂ Solutions welcomed Total S.A., a French global integrated energy company, as the first industrial partner to join the VCQ project. The industrial partner category is one of five partnership types in the VCQ project (alongside founders, utilization technologies, service providers and end-users). Industrial partners make financial contributions to the VCQ budget in exchange for access to the techno-economic reports of the various technologies demonstrated during the project; the amount of these contributions is undisclosed for competitive reasons. Contributions from industrial partners will enable the VCQ project to increase the number of demonstrated technologies and accelerate their eventual commercial implementation.

CO₂ Solutions Receives an Additional \$7.5M Grant to Enhance and Extend the VCQ Project until 2022

On March 28, 2018, CO₂ Solutions announced that it had received a \$7.5M grant from the province of Quebec to enhance and extend the VCQ project from its original end date of 2019 until 2022. In addition to extending the length of the project, this grant will allow the VCQ project to increase the number of utilization technologies it will demonstrate. It allows the Corporation and its partners to build on the success of the project's first year and pursue the realization of one of the most ambitious carbon capture and utilization projects (CCU) in the world.

Success in Round 2 of the NRG COSIA XPRIZE

On April 9, 2018, CO₂ Solutions announced that two of its joint entries at the NRG COSIA XPRIZE competition had successfully passed Round 2 of the competition. The winning entries are Carbicrete of Montreal, Quebec and CERT of Toronto, Ontario. CO₂ Solutions and these partners shared USD \$500,000 for each of the selected entries in Round 2, for a total of USD \$500,000 for CO₂ Solutions, which was received in May.

Summary of financial results for the three-month and the nine-month periods ended March 31, 2018

Revenues

The Corporation recorded \$0.01 million in revenues for the three-month period ended March 31, 2018, and \$0.03 million for the nine-month period ended at the same date and \$0.05 million for the same periods in 2017. The 2018 revenues are related to a preliminary engineering study to assess the viability of applying its enzymatic carbon capture technology in a potential 32-tonne per day CO₂ capture project for the metallurgic industry as announced on September 7, 2017. The 2017 revenues are related to a sale of enzymes. Funds received from subsidy or grant agreements signed with federal or provincial 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 (see *Research and development expenses* below).

Research and Development Expenses

Research and development expenses, before tax credits and government assistance, increased by \$1.57 million to \$2.25 million for the three-month period ended March 31, 2018, compared with \$0.69 million for the same period in 2017. Increases in the three-month period from that of the prior year reflect the significant increase of work associated with the VCQ and Saint-Félicien projects. These expenses will continuously vary based upon the development phase and activity levels of ongoing projects undertaken by the Corporation.

For the nine-month period ended March 31, 2018, research and development expenditures, before tax credits and government assistance, increased by \$6.08 million to \$7.84 million from \$1.76 million for the same period last year. As was the case above relative to the three-month increase, this increase reflects the higher volume of research and development activities associated with the VCQ and Saint-Félicien projects as well as the completion of the ecoEnergy project that occurred in December 2016.

Quebec provincial research and development credits accrued during the quarter were \$0.10 million and \$0.14 million respectively for the nine-month period ended March 31, 2018.

General and Administrative Expenses

General and administrative expenses totalled \$0.51 million for the three-month period ended March 31, 2018, compared with \$0.55 million for the same period in 2017, representing a decrease of \$0.04 million. This net decrease is predominantly related to a non-cash decrease in patent amortization expense relative to the write-down in value of certain patents of \$0.04 million, a decrease in compensation related expenses (cash based salaries and benefits and non-cash based stock compensation) of \$0.02 million, an increase of \$0.02 million in professional fees primarily related to legal and professional fees associated with public relations, investor relations and communications and general administration and an increase of \$0.01 million in travel expenses and general office expenses.

General and administrative expenses totalled \$1.69 million for the nine-month period ended March 31, 2018, compared with \$1.75 million for the same period in 2017. This net decrease of \$0.06 million is predominantly related to a non-cash decrease in patent amortization expenses relative to the write-down in value of certain patents of \$0.19 million, a decrease of \$0.08 million in professional fees primarily related to legal and professional fees associated with public relations, investor relations and communications and general administration, a net increase in compensation related expenses (cash-based salaries and benefits and non-cash based stock compensation) of \$0.15 million, an increase in travel expenses for the nine months of \$0.07 million and an increase in government assistance for administrative expense of \$0.02 million.

Financial Expenses, Net

Financial expenses, net for the three-month period ended March 31, 2018, was a gain of \$0.23 million, a \$0.35 million difference from the \$0.12 million loss for the same period last year, reflecting a gain of \$0.36 million relating to the receipt of the refundable contributions from Canada Economic Development announced on December 4, 2017, offset by accretion, interest and other financial expenses. Financial expenses, net for the nine-month period ended March 31, 2018, was a loss of \$0.04 million compared with a loss of \$0.36 million for the same period in 2017. The decrease of \$0.32 million is mainly due to the gain of \$0.36 million relating to the receipt of the refundable contributions from Canada Economic Development offset by accretion, interest and other financial expenses relating to the convertible debt and term loans outstanding at March 31, 2018.

Loss and Comprehensive Loss for the Quarter

The Corporation recorded a loss of \$0.49 million, or \$0.00 per share, for the three-month period ended March 31, 2018, a decrease of \$0.42 million from the loss of \$0.90 million, or \$0.01 per share, for the same period in 2017. No significant factors, other than those described above, contributed to the change in the loss for the periods. For the nine-month period ended March 31, 2018, the Corporation recorded a loss of \$2.33 million, or \$0.02 per share, a decrease of \$1.33 million from the loss of \$3.65 million, or \$0.03 per



share, for the same period in 2017. No significant factors, other than those described above, contributed to the change in the loss for the three-month or the nine-month periods.

Liquidity and Financial Position

As at March 31, 2018, the Corporation had an aggregate balance of cash and cash equivalents of \$8.12 million and negative working capital (current assets less current liabilities) of \$3.87 million.

The unaudited condensed interim consolidated financial statements for the three -month and nine-month periods ended March 31, 2018 and 2017, and related notes included therein and the Management's Discussion and Analysis for the period ended March 31, 2018, and additional information regarding the Corporation, are available on SEDAR at www.sedar.com.

About CO₂ Solutions Inc.

CO₂ Solutions is a leading Canadian 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, Utilization and Sequestration and (CCUS), 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, including statements relating to the Saint-Félicien project, potential results from the preliminary engineering study in the metallurgical industry and the VCQ project of the Corporation and their evolution, the transformation of the Corporation from a development company to a commercial operator and its progression, and the ability of the Corporation to meet working capital requirements. These statements reflect the current assumptions and expectations of management. Factors that could cause actual results to differ materially from such forward-looking statements include, but are not limited to, the ability of the Corporation to meet its working capital requirements, general business and economic uncertainties, third-party events and adverse market conditions as well as those risks set out in the Corporation's public documents filed on SEDAR. Readers are cautioned not to place undue reliance on such forward-looking statements. 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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