



TSX-V: CST

CO₂ Solutions Announces Fiscal 2016 Second Quarter Results

Provides Update on projects and operations

Quebec City, Quebec, February 11, 2016—CO₂ Solutions Inc. (the “Corporation”) (TSX-V:CST) announced today the filing of its financial results for the second quarter ended December 31, 2015. The Corporation’s detailed financial statements and management discussion and analysis will be available on www.sedar.com.

Second quarter and subsequent highlights

- **Closing of an offering of units**
- **3rd party engineering validation of results of 10 tpd demonstration project**
- **Announcement of \$15 million non-refundable grant from CCEMC**
- **Shares for debt settlement**

As announced on December 30, 2015 and January 29, 2016, the Corporation issued a total of 2,195 units (the “Units”) at a price of \$1,000 per Unit, representing aggregate gross proceeds of approximately \$2.2 million. Each Unit consisted of a 12% convertible secured debenture in the principal amount of \$1,000 and 4,348 share purchase warrants of the Corporation.

Net proceeds of the Offering will be used (i) to proceed to certain steps in the industrial scale up and continue the development work of the Corporation’s technology; and (ii) for general working capital.

The Corporation announced on November 10, 2015 the successful completion of its 10 tpd demonstration project at Salaberry-de-Valleyfield, Québec. Further to that announcement, on January 26, 2016, the Corporation confirmed that the demonstration project in Valleyfield operated successfully for a total of more than 2,500 hours. Among the highlights noted:

- The Corporation’s proprietary enzyme, 1T1, performed in a stable manner;
- No toxic waste products were generated;
- Solvent consumption was negligible;
- The demonstration unit was in large part operated autonomously (i.e. did not require a dedicated operator);
- The technology produced CO₂ suitable for food, beverages and other reuse applications;
- The use of low-grade, nil value heat for solvent regeneration at low-temperature was accomplished, demonstrating this innovative method of operating cost savings.

The Corporation contracted with Tetra Tech, Inc. a leading international engineering firm, for an independent review of the project data related to the mass and energy balances. This review allowed the Corporation to confirm core process capture costs for a 1,250 tonne-CO₂/day (tpd) scale of \$28/tonne, in line with earlier published estimates. This cost is below the proposed Alberta carbon tax and below the United States Department of Energy’s target for new carbon capture processes. In this regard, to the knowledge of the Corporation, its technology has achieved the lowest demonstrated cost in the industry for a post-combustion carbon capture application, by a significant margin.

On February 1, 2016, the Corporation announced that it has been selected to receive \$15 million in the form of a non-refundable grant from the Alberta-based Climate Change and Emissions Management Corporation (CCEMC). The grant is expected to be used towards the commercial deployment of CO₂ Solutions’ technology in Alberta at approximately the 300 tonne-CO₂/day scale. It is anticipated that the Project will comprise the capture of carbon dioxide (CO₂) from a major Alberta industrial company, with beneficial reuse of the captured carbon. The reuse of the captured CO₂ will improve project economics,

while at the same time achieving a considerable greenhouse gas reduction. The total cost of the project is budgeted at approximately \$30 million. The Corporation is currently pursuing non-dilutive financing to fund the balance of the project not covered by the CCEMC Grant. Receipt of the Grant is subject to entering into a Contribution Agreement with the CCEMC and confirmation that all other funding sources have been secured. The Corporation currently is in active negotiations with potential industrial partners to establish the project.

Shares for debt

The Corporation announces that it has entered into shares for debt settlement agreement with one of its service providers to settle \$19,000 in outstanding debt. Subject to approval of the TSX-V, the Corporation will issue 100,000 common shares at a deemed price of \$0.19 per share. The shares will be subject to a four-month hold period.

Management Commentary

“The completion of the Valleyfield project and the independent engineering review confirm that low cost and environmentally sustainable nature of our technology, both key differentiators in our industry”, stated Evan Price, President and CEO of CO₂ Solutions. “We have now proven the robustness and operability of our technology in a real-life, industrial-scale setting. We are grateful for the support from CCEMC through their \$15 M grant, which we see as a clear validation of our technology. This grant means we can accelerate the scale-up of our technology and make an impact towards the reduction of GHG emissions and the beneficial reuse of CO₂.”

Summary of financial results for the three-months and the six-months ended December 31, 2015

Revenues

The Corporation recorded no revenues for the three-month period or the six-month period ended December 31, 2015 and 2014. 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 \$0.6 million, totalling \$0.6 million for the three-month period ended December 31, 2015, compared with \$1.2 million for the same period in 2014. Decreases in the three-month period from that of the prior year reflect the wind-down in the quarter of the work associated with the ecoENERGY project which was started in January 2013. These expenses will vary based upon on-going projects undertaken by the Corporation. For the six-month period ended December 31, 2015, research and development expenditures, before tax credits and government assistance, decreased by \$0.09 million totalling \$1.7 million compared with \$1.8 million for the same period in 2014. Decreases in the six-month period expenses are also a result of wind-down in the quarter ended December 31, 2015 for work associated with the ecoENERGY project.

Quebec provincial research and development credits accrued during the quarter were \$0.08 million

General and administrative expenses

General and administrative expenses totalled \$0.6 million for the three-month period ended December 31, 2015, compared with \$0.5 million for the same period in 2014, representing an increase of \$0.1 million. This net increase is predominantly related to an increase of \$0.1 million in professional fees during the quarter primarily related to legal and professional fees associated with public relations, investor relations and communications and the completion, in November 2015, of the base shelf prospectus. General and administrative expenses totalled \$1.1 million for the six-month period ended December 31, 2015, compared with \$0.8 million for the same period in 2014, representing an increase of \$0.2 million. This net increase is predominantly related to an increase of \$0.2 million in professional fees primarily related to legal and

professional fees associated with public relations, investor relations and communications and the completion, in November 2015, of the base shelf prospectus.

Loss and comprehensive loss for the quarter

The Corporation recorded a loss of \$1.4 million or \$0.01 per share, for the three-month period ended December 31, 2015, an increase of \$0.6 million from the loss of \$0.8 million, or \$0.01 per share, for the same period in 2014. No significant factors, other than those described above, contributed to the change in the loss for the periods. The Corporation recorded a loss of \$3.0 million or \$0.02 per share, for the six-month period ended December 31, 2015 an increase of \$1.5 million from the loss of \$1.5 million, or \$0.02 per share, for the same period in 2014. No significant factors, other than those described above, contributed to the change in the loss for the periods.

Liquidity and Financial Position

For the six-month period ended December 31, 2015, cash flow used for operating activities amounted to \$2.2 million compared with \$2.6 million required in the same six-month period for 2014, representing a decrease of \$0.4 million. This decrease is primarily due to the higher loss and comprehensive loss for the six-month period ended December 31, 2015 offset by a \$2.0 million reduction in net changes in non-cash working capital items.

Cash and equivalents as at December 31, 2015 totalled \$2.0 million, compared to \$2.4 million as at June 30, 2015. From January 1, 2015 to December 31, 2015 the Corporation has raised, net, \$5.5 million in new equity or convertible debt. These funds have been used for funding the Corporation's portion of the ecoEnergy project and normal working capital requirements.

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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