



TSX-V: CST

CO₂ Solutions Announces Fiscal 2017 Third Quarter Results

Provides Update on projects and operations

Quebec City, Quebec, May 24, 2017 – CO₂ Solutions Inc. (the “Corporation”) (TSX-V:CST) announced today the filing of its financial results for the third quarter ended March 31, 2017. The Corporation’s detailed financial statements and management report can be found on www.sedar.com.

Third quarter and subsequent highlights:

- **Corporation receives confirmation of \$15 million grant from government of Quebec for its Valorisation Carbone Québec (VCQ) project, forms project scientific committee and commences its operations**
- **Collaboration agreement with global consulting and engineering firm, Hatch Ltd.**
- **BBA selected as lead engineering firm for Saint-Félicien project**

In February 2017, CO₂ Solutions Inc. launched the Valorisation Carbone Québec (VCQ) project. The objective of the project is to promote the development and demonstration of tangible commercial solutions to capture and reuse CO₂ in added-value applications at large scale. Through the VCQ project, CO₂ Solutions will promote the deployment of commercial CO₂ capture and reuse plants alongside industries that emit carbon, while, more importantly, contributing to the growth of a new economic sector based on generating a value from carbon reuse. The VCQ project will demonstrate the most promising CO₂ conversion technologies, from around the world, selected after thorough evaluation from an exhaustive list. The project will be realized in an industrial environment where CO₂ Solutions technology is used for CO₂ capture from flue gas. On April 24, 2017, Quebec’s Minister of Sustainable Development, the Environment and Climate Change, Mr. David Heurtel, confirmed during a press conference held at the CO₂ Solutions offices, a \$15 million Québec government grant to the Corporation to support the VCQ project. On May 16, 2017, the Corporation announced the formation of the VCQ project’s scientific committee and on May 18th, the Corporation released an update on the VCQ project activities. The Corporation was able to assemble an exceptional group of reputable scientists from both the university and private sectors, with complimentary experience and skill sets to help drive the project. As the VCQ project proceeds it is expected that the selected technologies will be deployed in commercial projects in Québec and around the world.

On March 21, 2017, the Corporation and Hatch Ltd., a global consulting and engineering firm specialized in the design and realization of major industrial engineering projects and services throughout the world, jointly announced a collaborative agreement between the two companies. Under the terms of the agreement, CO₂ Solutions and Hatch will collaborate on delivering carbon capture systems integrating CO₂ Solutions’ low-cost, environmentally benign, enzymatic technology in large industrial environments. Within these projects, CO₂ Solutions will license its proprietary technology and Hatch will provide its engineering and project delivery expertise. In conjunction with this agreement, the Corporation announced that Hatch will be the provider of engineering services to the VCQ project. This collaboration with Hatch will be central to the success of the VCQ project and instrumental in building the Corporation’s commercial pipeline of opportunities on a global scale. The Corporation believes that by combining the CO₂ Solutions technology with Hatch’s expertise, it will be able to accelerate business development and deliver projects to the satisfaction of a broad and diverse customer base.

On January 12, 2017, the Corporation announced that it had appointed BBA, an independent Canadian engineering consulting firm, as lead engineers in support of the Saint-Félicien pulp mill and greenhouse carbon capture project. BBA is a first-class engineering firm, and the Corporation believes BBA is the right partner to provide the support for the construction of CO₂ Solutions’ first commercial project, as well as lay the blueprint for future commercial projects. Additionally, this collaboration will enable BBA to present CO₂

Solutions' carbon capture process to the BBA customer base, thus creating an interesting market opportunity for the Corporation's technology.

Summary of financial results for the three-month and nine-month periods ended March 31, 2017

Revenues

The Corporation recorded revenues for the three-month period and the nine-month period ended March 31, 2017 of \$0.05 million related to the sale of carbonic anhydrase enzyme ("CA") to a third party for use in CO₂ capture for enhancing the growth of algae for economical, sustainable production of protein and biofuel products. The Corporation recorded no revenue for the three-month period or the nine-month period ended March 31, 2016. 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.

Research and Development Expenses

Research and development expenses, before tax credits and government assistance, increased by \$0.25 million, to \$0.69 million for the three-month period ended March 31, 2017, compared with \$0.44 million for the same period in 2016. Increases in the three-month period from that of the prior year reflect the work associated with the start-up of the Saint-Félicien pulp mill and greenhouse carbon capture project and Valorisation Carbone Québec project. These expenses will vary based upon ongoing projects undertaken by the Corporation.

For the nine-month period ended March 31, 2017, research and development expenditures, before tax credits and government assistance, decreased by \$0.40 million to \$1.76 million. This decrease reflects the wind down of the research and development activities associated with the ecoEnergy project which was completed by December 2016, offset, in part, by expenses associated with the start-up of the Saint-Félicien pulp mill and greenhouse carbon capture project and Valorisation Carbone Québec project.

Quebec provincial research and development credits accrued during the quarter were \$0.13 million.

Business Development Expenses

Business development expenses were \$0.12 million for the three-month period ended March 31, 2017, compared with \$0.31 million for the same period in 2016, representing a decrease of \$0.19 million. The net decrease is predominantly related to a decrease in professional fees for the period of \$0.20 million related mostly to a decrease in patent litigation related expenses. Business development expenses for the nine-month period ended March 31, 2017 were \$0.52 million compared to \$0.72 million for the same nine-month period in 2016, a net decrease of \$0.20 million. The net decrease is predominantly due to a decrease in professional fees for the period of \$0.39 million associated with various business development initiatives and a decrease in patent litigation related expenses.

General and Administrative Expenses

General and administrative expenses totalled \$0.55 million for the three-month period ended March 31, 2017, compared with \$0.51 million for the same period in 2016, representing an increase of \$0.03 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 \$0.02 million, offset by a non-cash increase in patent amortization expense relative to the write-down in value of certain patents of \$0.04 million and a decrease of \$0.04 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 \$1.75 million for the nine-month period ended March 31, 2017, compared with \$1.57 million for the same period in 2016. This \$0.18 million increase is predominantly related to a net increase in compensation related expenses (cash based salaries and benefits and non-cash based stock compensation) of \$0.14 million and an increase in patent amortization expense relative to the write-down in value of certain patents of \$0.14 million offset by a decrease of \$0.11 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 \$0.90 million or \$0.01 per share, for the three-month period ended March 31, 2017, an increase of \$0.25 million from the loss of \$0.66 million, or \$0.00 per share, for the same period in 2016. 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, 2017, the Corporation recorded a loss of \$3.65 million or \$0.03 per share, a small increase of \$0.02 million from the loss of \$3.64 million, or \$0.03 per share, for the same period in 2016. 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, 2017, the Corporation had cash and short-term investment of \$2.61 million, accounts receivable (predominantly from commodity taxes) of \$0.08 million and tax credits receivable of \$0.16 million for a total of \$2.85 million. The Corporation had short-term financial obligations from accounts payable and accrued liabilities of \$1.45 million and debt in the form of term loans, convertible debentures and refundable contribution due within the next 12 months, of \$1.20 million.

The unaudited condensed interim consolidated financial statements for the nine-month period ended March 31, 2017 and 2016, and related notes included therein and the Management's Discussion and Analysis for the period ended March 31, 2017, and additional information regarding the Corporation, are available on SEDAR at www.sedar.com.

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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