



TSX-V: CST

## **CO<sub>2</sub> Solutions Announces Fiscal 2018 Second Quarter Results**

**Quebec City, Quebec, March 01, 2018** – CO<sub>2</sub> Solutions Inc. (the “Corporation” or “CO<sub>2</sub> Solutions”) (TSX-V: CST) today announced its financial results for the three-month period ended December 31, 2017. The Corporation’s detailed financial statements and management’s discussion and analysis (“MD&A”) will be filed and available on [www.sedar.com](http://www.sedar.com).

### **Three-month Period ended December 31, 2017 and Subsequent Operational Highlights:**

#### **Information on the Saint-Félicien Project**

The St-Félicien project is on time and on budget. The engineering and procurement of long lead items are completed and the Corporation is now in negotiations with contractors to award the construction portion of the project. The construction of the Saint-Félicien CO<sub>2</sub> capture plant is expected to be completed by October 2018.

#### **Information on the VCQ Project**

The Corporation is leading the world’s most comprehensive CO<sub>2</sub> capture and utilization demonstration project, *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 CO<sub>2</sub> in various applications while reducing greenhouse gas (GHG) emissions. Funding for the project is currently coming by way of a \$15 million grant from Québec’s Ministère du Développement durable, de l’Environnement et de la Lutte contre les changements climatiques and additional in-kind contributions from other private partners, including the Corporation.

Further, on October 11, 2017, the Corporation announced that Carbon Consult Group Inc. (CCG), experts in the field of GHG emission reduction strategies and consulting, have been appointed as the project partner for measuring and validating the impact of the carbon capture and utilization technologies being tested within the VCQ project. As such, CCG will be the authority confirming the quantity of CO<sub>2</sub> mitigated by the Corporation’s CO<sub>2</sub> capture technology and the various partners’ utilization technologies.

Presently, the VCQ project, while proceeding according to plan, is exceeding the original expectations. The Corporation’s 10-tonne per day CO<sub>2</sub> capture unit was commissioned at the Chimie ParaChem site in Montreal-East, QC in August 2017 and, other than downtime to implement upgrades, has since been operating without interruption. Chimie ParaChem s.e.c. is a partnership between Suncor Energy Inc. (51%) and the Société Investissement Québec (49%).

#### **CO<sub>2</sub> Solutions Wins Gold Leaf Award**

On October 16, 2017, BIOTECCanada announced that CO<sub>2</sub> Solutions Inc. won the Gold Leaf Award as *Emerging Company of the Year*, recognizing CO<sub>2</sub> Solutions’ leadership and contribution to the field of biotechnology, insofar as the Corporation’s technology can help reduce the environmental impact of traditional manufacturing and industrial processes in agriculture, forestry, and chemical production.

#### **CO<sub>2</sub> Solutions Announces NRG COSIA Carbon XPRIZE partnerships**

On October 12, 2017, the Corporation announced that Hago Energetics Inc., of Ventura, CA, and Breathe Applied Sciences Private Limited, of Bangalore, India, are separately partnering with CO<sub>2</sub> Solutions in the NRG COSIA Carbon XPRIZE.

On December 1, 2017, the Corporation announced that TerraCOH, a privately held company located in Minneapolis, MN, is also partnering with CO<sub>2</sub> Solutions in the NRG COSIA Carbon XPRIZE competition.

To date, the Corporation has a total of 8 entries in the NRG COSIA Carbon XPRIZE, two individual entries and six partnerships.

### **Canada Economic Development Grant**

On December 5, 2017, the Corporation announced that it had received a \$2 million commitment from Canada Economic Development for Quebec Regions (CED) towards the completion of the Corporation's first commercial project in Saint-Félicien. CED's assistance has been awarded in the form of a \$2 million repayable financial contribution through the CED Quebec Economic Development Program. Under the terms of the contribution agreement, CO<sub>2</sub> Solutions will apply these funds towards the continued realization of the Saint-Félicien project and will be required to reimburse the contribution over 60 monthly payments, with the first payment being due 36 months from the project completion date which is expected to be in the spring of 2019.

### **Public Offering of Convertible Debentures**

On December 22, 2017, the Corporation announced the closing of a public offering. In connection with the closing of the offering, the Corporation issued 1,500 units at a price of \$1,000 per unit, representing aggregate gross proceeds of \$1.5 million. Each unit consisted of an 8% convertible unsecured debenture in the principal amount of \$1,000 and 8,333 share purchase warrants of the Corporation. Each debenture will be convertible, at the option of the holder at any time prior to the close of business on the tenth business day immediately preceding December 20, 2020.

### **Summary of financial results for the three-months and the six-months ended December 31, 2017**

#### Revenues

The Corporation recorded \$0.02 million in revenues for the three-month period and the six-month period ended December 31, 2017 and no revenues for the same periods in 2016. These 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 CO<sub>2</sub> capture project as announced on September 7, 2017. 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 \$1.49 million to \$1.97 million for the three-month period ended December 31, 2017, compared with \$0.48 million for the same period in 2016. 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 and the completion of the ecoEnergy project completed in December 2016. These expenses will vary based upon the development phase and activity levels of on-going projects undertaken by the Corporation.

For the six-month period ended December 31, 2017, research and development expenditures, before tax credits and government assistance, increased by \$4.51 million to \$5.59 million from \$1.08 million for the same period last year. As was the case above, 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 ecoEnergy project that occurred in December 2016.

Quebec provincial research and development credits accrued during the quarter were \$0.02 million and \$0.04 million respectively for the 6-month period ended December 31, 2017.

#### General and Administrative Expenses

General and administrative expenses totalled \$0.74 million for the three-month period ended December 31, 2017, compared with \$0.75 million for the same period in 2016, representing a decrease of \$0.01 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, a decrease of \$0.01 million in professional fees primarily related to legal and professional fees associated with public relations, investor relations and communications and general administration offset by an increase of \$0.03 million in travel

expenses and general office expenses, and a non-cash decrease in patent amortization expense relative to the write-down in value of certain patents of \$0.15 million.

General and administrative expenses totalled \$1.18 million for the six-month period ended December 31, 2017, compared with \$1.21 million for the same period in 2016. This net decrease of \$0.03 million is predominantly related to a net increase in compensation related expenses (cash-based salaries and benefits and non-cash based stock compensation) of \$0.17 million, a non-cash decrease in patent amortization expense relative to the write-down in value of certain patents of \$0.14 million, a decrease of \$0.10 million in professional fees primarily related to legal and professional fees associated with public relations, investor relations and communications and general administration, a decrease in travel expenses for the six months of \$0.05 million, an increase in government assistance for administrative expense of \$0.01 million, and an increase in general office expenses (rent, electricity and other) of \$0.01 million.

#### Loss and Comprehensive Loss for the Quarter

The Corporation recorded a loss of \$1.10 million or \$0.01 per share, for the three-month period ended December 31, 2017, a decrease of \$0.26 million from the loss of \$1.35 million, or \$0.01 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 six-month period ended December 31, 2017, the Corporation recorded a loss of \$1.84 million, or \$0.01 per share, a decrease of \$0.91 million from the loss of \$2.75 million, or \$0.02 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 six-month periods.

#### Liquidity and Financial Position

As at December 31, 2017, the Corporation had an aggregate balance of cash and short-term investments of \$2.10 million and negative working capital (current assets less current liabilities) of \$3.63 million.

The unaudited condensed interim consolidated financial statements for the six-month period ended December 31, 2017 and 2016, and related notes included therein and the Management's Discussion and Analysis for the period ended December 31, 2017, and additional information regarding the Corporation, are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

CO<sub>2</sub> 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. CO<sub>2</sub> Solutions' technology lowers the cost barrier to Carbon Capture, Utilization and Sequestration and (CCUS), 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, including statements relating to the Saint-Félicien project, potential results from the preliminary engineering study in the metallurgical industry, NRG COSIA XPRIZE and the VCQ projects 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. 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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