



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE YEARS ENDED APRIL 30, 2018 AND 2019**

**CIELO WASTE SOLUTIONS CORP.**  
**Amended Management's Discussion and Analysis**  
**Years Ended April 30, 2018 and 2019**

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**Notice to Reader**

The following is management's discussion in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (the "Company" or "Cielo") for the years ended April 30, 2018 and 2019 and should be read in conjunction with the Company's audited financial statements for the years ended April 30, 2018 and 2019. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at [www.sedar.com](http://www.sedar.com).

**Forward Looking Statements**

The information presented in this Management's Discussion and Analysis ("MD&A") contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements" or "forward-looking information" (collectively "forward-looking statements") as those terms are used in securities laws applicable in Canada.

These forward-looking statements include, but are not limited to, factors that may affect our ability to achieve our objectives and to successfully develop and commercialize our renewable diesel refineries.

Such forward-looking statements, include but are not limited to those with respect to the price of renewable fuels, the timing and amount of estimated future economic and viability of refining projects, capital expenditures, costs and timing of refining projects, permitting timelines, title to refining projects, the timing and possible outcome of pending refining projects and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

**Date of Report**

The information in this report is presented as of August 28, 2019.

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**ABOUT CIELO**

Cielo was incorporated on February 2, 2011 as a wholly-owned subsidiary of Arris Holdings Inc. (“AHI”) for the purpose of mineral property acquisition and development. The Company was an exploration stage company whose principal business was the exploration and development of mining properties.

The Company spun out from AHI and became a reporting issuer after the corporate restructuring between AHI and Cielo became effective on June 9, 2011. Commencing August 3, 2011, the Company’s common shares started trading on the Canadian Securities Exchange (“CSE”) under the Symbol CMC.

On August 23, 2013 Cielo Gold Corp. changed its name to Cielo Waste Solutions Corp. This was due to a pending change of business away from mining exploration and focusing on renewable diesel refining.

On April 15, 2014 Cielo announced that it had received approval from the CSE of its fundamental change of business, which had also been approved by a majority of the shareholders of the Company.

The registered and records office of the Company is located at #101 – 1500 Howe Street, Vancouver, BC V6Z 2N1 and its operations office is located at Bridgeview Place II, Suite 115, 5114-58 St., Red Deer, AB T4N 2L8.

**CORPORATE OVERVIEW AND OVERALL PERFORMANCE**

Since the Company’s fundamental change of business to renewable diesel refining, the Board of Directors and management of the Company has been working toward commercializing its proprietary technology to allow it to enter the fast and growing waste industry by refining landfill and municipal and commercial waste into a high quality renewable diesel. Cielo has identified opportunities throughout the world and is poised to capitalize on these and local opportunities. While Cielo has generally not been taking purchase orders while focusing on the construction of its first commercial refinery, the Company may begin to do so going forward as it is in the commissioning phase of its first commercial refinery and is nearing commercialization. To date, Cielo has continued to communicate with those who had previously submitted purchase orders, which were previously disclosed, in order to keep existing purchase orders active, and has also been communicating with those making inquiries each month in order to allow for new opportunities once the first commercial refinery is in production upon the completion of the commissioning phase.

Renewable fuels are becoming big policy and big business as countries around the world look to decrease petroleum dependence and reduce greenhouse gas (GHG) emissions in the transportation sector. After more than a decade of healthy growth for conventional renewable fuels like ethanol and biodiesel, management believes that the next wave of advanced renewable fuels is currently on the cusp of commercial scale-up. Management believes from observing the industry that renewable fuels have already helped the world achieve a tangible reduction in emissions as global CO2 emissions are forecast to rise by as much as 50 per cent over the next 25 years.

Cielo holds an exclusive license from 1888711 Alberta Inc. (“1888711”), a company related by officers and/or directors, pursuant to a license agreement (the “Licence Agreement”), to complete the development of the renewable diesel technology on which its refineries are/will be based. The technology uses landfill waste, tires, plastics, wood shavings and paper products to produce renewable Kerosene, highway diesel and naphtha. Cielo retains the exclusive right to construct and commercialize the refineries and has agreed to pay royalties and commissions to 1888711 from the commercialization of the technology. Cielo also has a right of first refusal to purchase any rights in the technology it had granted to 1888711, all intellectually

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property and any and all patents relating to the technology. Although Cielo has since resumed making direct payments for costs associated with the construction, completion and commission of the first commercial refinery, the agreement remains in place as the rights held by each party remain in place. On or about November 1, 2017, Cielo and 1888711 agreed to a restated and amended version of the License Agreement, providing for clear terms on which Cielo is able to purchase the rights granted to 1888711 at any time following the 14th day of operations of any commercial refineries based on production.

Cielo had planned two phases (Phases I and II) for reaching optimal production output in creating a blueprint for its refineries. Cielo's initial plan for Phase I was to build a refinery targeting a nominal production rate of 356 litres per hour and, for Phase II, the Company had considered building a second refinery, targeting a production rate of 1824 litres per hour. During the year ended April 30, 2019, Cielo began commissioning the refining. The operations began late in July 2018 and ran from October 2018 through to May 2019. As Cielo progressed through the Phase I commissioning process, modifications to both design and construction intended to improve the processes were made. Those improvements increased targeted outputs for Phase I from 356 litres per hour to between 500 and 1,000 litres per hour. With respect to Phase II, management had determined that it would be more efficient to upgrade the existing refinery to a greater capacity. Once Phase II begins, Cielo will attempt to add additional equipment and target a production rate of 2,000 litres per hour.

During the year ended April 30, 2019, Cielo made notable strides in furthering the commercialization of its technology. Cielo announced the beginning of its commissioning process (June/July 2018), the first production of raw distillate made from wood waste feedstock (August 2018), the first conversion of raw distillate into renewable fuels, including naphtha, kerosene and diesel (November 2018) and its first sale of diesel (April 2019), selling 3,000 liters of diesel (the purchaser had committed to the purchase of 5,000 liters but acquired 3,000 liters prior to the year ended April 30, 2019, returning for an additional 3,000 liters for an aggregate 6,000 litres on or about May 2<sup>nd</sup>, 2019).

Subsequent to the year ended April 30, 2019, on July 11, 2019, Cielo held its Grand Opening, with close to 400 people attending. Dozens of tours were conducted showcasing its first refinery running on a continuous-flow basis, producing renewable diesel and naphtha. 100% of the garbage left at the site was collected, including plastic utensils, paper plates, plastic beer cups and food waste, all of which will be used as part of the supply of feedstock to produce more renewable diesel. During the Grand Opening, Cielo was able to demonstrate the ability of the Company's initial refinery to process waste on a continuous flow basis following the successful modification to an electric heat system. Cielo has the weeks since the Grand Opening refining and honing the process and technology in preparation for consistent production, expected to begin in early September. Cielo intends to start production at approximately 350lph and slowly ramp it up to 1,000lph. During the fall months, Cielo plans to complete the final step of Phase I, which is the addition of desulfurization equipment. Once 1000lph has been reached, Cielo will begin Phase II, which is the addition of extra equipment to increase the productivity to 2,000 lph.

Areas of Focus:

The Company has focused on the following eight general areas in commercializing the technology prior to and during the years ended April 30, 2018 and 2019. As at the date of this report, management has completed most, aside from Step 3, which is anticipated to be completed in the fall of 2019, with respect to Phase I and has also progressed with Phase II to the extent possible.

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1 – Feedstock Characterization Study.

2 – Validation of the process and proforma by third party engineers.

3 – Carbon Capture Study. This is a detailed third-party review of the carbon credits that Cielo will be able to recognize as a revenue stream. At the time of this report, this study is approximately 70% complete. Cielo will be more focused on completing this study once the first commercial refinery is fully operational.

4 – A full and detailed study on the catalyst development. This is a very in-depth study of how the catalyst reacts and preforms with a varying of individual feedstock or as they are combined. Notwithstanding that it's been completed for the purposes of operating the first commercial refinery, the study will continue as a work in progress and will evolve with the technology and feedstock.

5 – Preparing a process design package, including development of construction drawings. Cielo has completed this for Phase I and has begun work for Phase II.

6 – In August 2014 Cielo hired a patent lawyer to review patents throughout the world and found no patents were similar at that time to the process that Cielo had developed. In July 2017, 1888711 filed patent applications in the USA and Canada on the technology process design, pursuant to the License Agreement. We have received a positive response from the Canadian Patent office, that they did not find any conflicting patents of concern.

7 – Developing Capital Estimates. Cielo has been able to source well-priced new and used equipment and has been awarding purchase orders for major equipment, updating the budget weekly. As of the date of this report, Cielo has completed purchasing approximately 90% of the equipment and materials for Phase I and has begun commissioning the refinery for Phase I. The only major piece of equipment left to purchase for Phase I, is the desulfurization equipment.

8 – Filing of permits and applications. Cielo has received a Development Permit from the MD of Foothills #31 as well as the Environmental Protection and Enhancement Act construction permit from Alberta Environmental and Parks (July 2017). Cielo does and will continue to apply for and maintain permits as and when required.

#### Asset and Land Purchases

On October 27, 2016, Cielo announced that it had signed an equipment lease agreement for a 50 liter per hour thermo catalytic depolymerization demonstration plant (the "Demo Plant") from FS Enterprises Inc. ("FS") and a purchase option agreement to acquire ownership of the Demo Plant. Cielo had a period of 5 years, which could be extended, during which it could exercise the option to purchase the Demo Plant (the "Option") for a purchase price that would be calculated as \$699,867 plus interest accrued at a rate of 18% per annum up to and including the purchase date. \$280,000 of the amount owing to FS was converted into units (the "Unit(s)" on July 17, 2017 in an offering of Units, each unit consisting of one common share and one-half of one warrant, each warrant entitling the holder to purchase common shares for a period of 12 months at \$0.20 per share. While the Option remained unexercised, any amounts owing to FS were considered secured debt owing by Cielo to FS (the "FS Debt"), in respect of which Cielo had also signed a General Security Agreement in favour of FS to a maximum of \$500,000. On or about November 2, 2017, the FS Debt was repaid in full, the Option exercised, and Cielo acquired ownership of the Demo Plant.

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On March 20, 2017 Cielo announced that it had purchased a Case W20C front wheel loader and all the associated complete bio-diesel analytic laboratory, equipment (gas chromatograph, Karl Fisher, automated Tiltrotor, flash point, etc.) and supplies.

On April 19, 2017 Cielo announced that it had completed the purchase of approximately 2.5 acres of land with an existing idle bio-diesel refinery (the “Existing Refinery”) located on it in High River, Alberta (the “High River Property”) from XR Resources Inc., as previously announced on November 16, 2016 (item #5). The idle, multi-feedstock processing plant, built in 2009, for an approximate capex cost of \$10.2 million was capable of producing about 16 million liters/year of bio-diesel utilizing animal tallow as its feedstock. The purchase price consisted of 5,000,000 common shares of the Company (issued) at a fair value of \$200,000, a vendor take-back mortgage of \$1,500,000 (the “Mortgage”) and \$500,000 cash payments (paid). The Mortgage was subject to interest, at a rate of 12% per annum, calculated monthly, and a General Security Agreement against the High River Property, including all physical improvements but excluding intellectual property.

In the year ended April 30, 2019 the Company capitalized charges of \$8,199,244 incurred in the development of the High River Property.

Material Contracts

On July 27, 2017 Cielo announced the signing of a multi-year feedstock agreement with Mountain View Eco Products. This agreement will provide Cielo, at a fixed cost, with an ample supply of sawdust and wood shavings to fulfill 100% of the feedstock requirements for the Company’s first refinery in Aldersyde, AB. This new agreement replaces the earlier disclosed agreement with Parkland Chips.

Cielo announced on September 18, 2017 that management had selected PanOptic Automation Solutions (“PanOptic”) to handle the automation installation for its initial refinery. PanOptic is a privately-owned Calgary based consulting firm providing automation and instrumentation. As Cielo advanced its construction, Cielo hired a local High River automation company, Allstar Automation, to complete the first phase of the programming and automation.

On November 2, 2017, the Company completed a financing arrangement with a private Alberta based lender (the “Lender”). See section entitled “Financial Transactions” (section Q) for additional details.

Joint Ventures/Memorandum of Understandings

In the year ended April 30, 2019, the Company has also begun to agree to potential future joint venture arrangements for the expansion of the Company’s business. On October 31, 2018 the Company executed a Binding Memorandum of Understanding (“GP MOU”) with Renewable U Energy Inc. (“Renewable U”), a privately-owned Alberta corporation. The MOU provides the framework for the Company to enter into a joint venture agreement (“JV Agreement”) with Renewable U to build, commission and operate (“Project”) one refinery initially (“JV Refinery”), with a right of first refusal to enter into further agreements for potential follow-on refineries (together with the JV Refinery, collectively “JV Refineries”) in Grande Prairie, Alberta.

Pursuant to the terms of the GP MOU, Renewable U acquired an option to enter into a second Memorandum of Understanding with the Company for Medicine Hat, Alberta (the “MH Option”). On February 21, 2019, Renewable U exercised the MH Option and entered into another similar Memorandum of Understanding (“MH MOU”) with the Company to build another JV Refinery in the city of Medicine Hat, Alberta.

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On February 21, 2019 the Company also entered into an option agreement with Renewable U, pursuant to which the Company granted to Renewable U an option to enter into another memorandum of understanding ("Brooks MOU") with the Company to build a follow-on joint venture renewable diesel refinery in the City of Brooks AB, on substantially the same or similar terms to the contemplated joint venture refineries in Grande Prairie and Medicine Hat. Renewable U exercised this option and entered into the Brooks MOU with the Company on March 29, 2019. Pursuant to the terms of the agreements, Renewable U has advanced to the Company a deposit of \$250,000 for each of the GP MOU, MH MOU and the Brooks MOU.

The Company and Renewable U intend to form three incorporated joint venture companies for each of the GP MOU, MH MOU (each an "MOU") and the Brooks MOU respectively, each to be owned 50.1% by the Company and 49.9% by Renewable U, unless otherwise agreed. In consideration for the opportunity to enter into the JV Agreements with the Company and undertake the respective projects (each a "Project"), Renewable U has paid to the Company a fee of \$250,000.00 fee (each a "Fee") with respect to each MOU to secure each Grande Prairie, Medicine Hat and Brooks, Alberta and the area surrounding each, in each case encompassing a 250 km radius. The terms of the GP MOU, MH MOU and the Brooks MOU provide that in the event the Company does not execute the JV Agreements for each of Grande Prairie, Medicine Hat or Brooks, Alberta, within certain agreed upon reasonable times, the Company agreed, subject to applicable laws and policies, to issue Renewable U common shares of the Company in lieu of returning the Fee, valued at the greater of: \$0.25 and the average closing price of the Company's shares during the 5 trading days prior to these shares issuances. See Note 19 for more information on the current status of the foregoing.

The general terms to be incorporated into each JV Agreement include the following:

- a. Renewable U will be solely responsible for financing 100% of the costs associated with acquiring the land, building and commissioning the initial refinery to be built in each of Grande Prairie, Medicine Hat and Brooks, Alberta (in each case the "Project Costs", respectively).
- b. The Company will manage each Project overall, overseeing the planning, construction, commissioning and operation of each of the JV Refineries and will receive a management fee for the construction of each JV Refinery equal to 7% of the Project Costs for such JV Refinery subject to certain exclusions, and will continue to receive management fees once operations begin based on industry standards.
- c. For each initial JV Refinery, profits will be split 30% in favour of the Company and 70% in favour of Renewable U, until Renewable U has received profits equaling 100% of the Project Costs for that JV Refinery. Thereafter profits will be split on the basis of 50.1% for the Company, 49.9% for Renewable U, reflecting the respective interests/ownership of the parties.

On or about November 22, 2019, the Company entered into a memorandum of understanding ("Calgary MOU") with Seymour Capital Incorporated ("Seymour") on substantially the same terms as the foregoing MOUs for the territory of Calgary, including the grant of an option to Seymour on substantially the same terms as the Calgary MOU for a territory in Ontario outside of the Greater Toronto Area. Seymour also paid a Fee of \$250,000 to the Company to secure the territory of Calgary.

See "Subsequent Events" for additional operational advances following the end of the year ended April 30, 2019.



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For further details of the terms and conditions of any above-referenced agreements or announcements, please review the Company's filings on SEDAR.

Going concern

The success of the Company is largely dependent upon factors beyond its control. These factors raise substantial doubt about the Company's ability to continue as a going-concern. Management is actively monitoring the operations to ensure the Company has adequate liquidity and capital to meet its obligations and long-term business objectives. The Company has a history of raising funding through equity financing when needed. There is no guarantee the Company can do so in the future, however, in the year ended April 30, 2019, the Company converted 10,162,500 warrants for gross proceeds of \$2,032,500 as part of the early warrant incentive program designed to encourage the early exercise of these warrants. The Company completed private placement offerings of 9,008,741 common shares for gross proceeds of \$1,639,829 in form of conversion of debt to shares. The Company also completed warrant conversions of 4,000,680 common shares for gross proceeds of \$572,936 cash and \$180,000 in form of conversion of debt to shares and warrants. The Company completed private placement offerings of 12,322,807 units, each unit consisting of one common share and share purchase warrant, for gross proceeds of \$1,601,965. The Company's operations, as intended, and its financial success may be dependent upon the successful commercial start-up of its renewable diesel refinery and the economic viability of developing refineries based on the Company's technology, and its ability to ensure sufficient financing is obtained to complete such start-up.

**SELECTED ANNUAL INFORMATION**

Following is the selected annual information of the Company for the previous three years:

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	Year Ended April	Year Ended April	Year Ended April
	30, 2019	30, 2018	30, 2017
	\$	\$	\$
Total Revenue	3,000	NIL	NIL
Cost of Sales	3,000	NIL	NIL
Gross Profit	NIL	NIL	NIL
Interest Income	NIL	NIL	NIL
Operating Expenses	3,036,545	6,261,666	759,322
Net Loss	(3,036,545)	(6,425,689)	(497,305)
Total assets	11,926,972	5,472,723	3,192,667
Total long-term liabilities	3,102,756	3,374,810	2,628,799



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Net Loss per share (basic & diluted)	0.021	0.051	.005
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**RESULTS OF OPERATIONS**

**Year Ended April 30, 2019 ("2018 Annual Financial Statements")**

The loss for the year ended April 30, 2019 (\$2,766,170), compared to 2018 (\$6,425,689) and 2017 (\$497,305) was mainly a result of the continued activity related to the construction of the Company's first commercial refinery while also reflecting a reduction due to reduced expenses.

Reductions included, in particular, the finance expenses, which is the charge for the fair value of the 26,110,757 warrants issued outstanding (as at April 30, 2019) in connection with the loan agreement with BJK Holdings Ltd., which was \$NIL (2018-\$3,300,206), and share based compensation, also \$NIL (2018-\$948,447). Additionally, the following expenses were reduced, or remained static: \$232,915 for consulting fees (2018 - \$323,802), \$322,027 for professional fees (2018 - \$419,715), \$139,542 for office administration expenses (2018 - \$139,590), \$167,898 of amortization on property, plant and equipment (2018-\$170,667). As well, there was a gain on settlement of debt of \$270,375 (2018-\$175,721 loss).

Certain other expenses increased, including \$476,408 for development expense in relation to commissioning of the plant 2018(\$Nil), \$593,370 for interest and accretion expense (2018-\$400,743), \$405,582 in management fees (2018-\$188,693), \$44,032 for trust and filing fees (2018 - \$30,476), and salaries and benefits of \$482,916 (2017-\$220,548).

Revenue for the year ended April 30, 2019 was \$3,000, compared to \$NIL for the Year ended April 30, 2018.

On April 30, 2019, the Company's main assets and liabilities were:

Cash - \$354,258 (2018 - \$560,891);  
Prepaid expenses - \$328,291 (2018 - \$156,622);  
Inventory-\$209,754 (2018-\$NIL)  
Property plant and equipment -\$10,905,980 (2018-\$4,703,885)  
Accounts payable and accrued liabilities - \$3,757,842 (2018 - \$662,060);  
Due to Shareholder - \$400,956 (2018 \$491,801)  
Short-term loans payable -\$23,156 (2018 -\$30,138)  
Long-term loans payable, including convertible debts -\$2,355,258 (2018-\$3,374,810)  
Due (to)/from Affiliated companies -\$23,200 (2018 - (\$45,817))

**QUARTERLY FINANCIAL INFORMATION**

The following is a summary of selected quarterly information for the years ended April 30, 2018 and 2019 that has been derived from the audited financial statements and the unaudited interim financial statements of Cielo. This summary should be read in conjunction with audited financial statements and unaudited interim financial statements of Cielo as contained in the public record for the relevant periods.

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Quarterly Financial Information	30-Apr	31-Jan	31-Oct	31-Jul	30-Apr	31-Jan	31-Oct	31-Jul
	2019	2019	2018	2018	2018	2018	2017	2017
<b>Operating data:</b>	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	3,000	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Operating Expenses	336,063	1,235,965	823,110	641,407	338,248	5,026,990	670,147	226,281
Net Earnings (loss)	(332,593)	(890,077)	(823,664)	(719,838)	(338,462)	(5,015,078)	(812,249)	(259,900)
<b>Balance sheet data:</b>								
Total assets	11,926,972	10,224,292	9,917,865	7,356,269	5,472,723	4,449,278	3,940,494	3,174,832
Total current liabilities	5,825,468	3,680,158	4,214,243	1,956,282	1,734,111	1,137,352	1,579,072	1,568,829

**Explanation of Quarterly Variances.**

The loss of (\$332,593) for the three-month period ended April 30, 2019 was consistent with the loss for the three-month period ended April 30, 2018 (\$338,462) as certain expenses decreased and certain expenses increased. The loss of (\$332,593) for the three-month period ended April 30, 2019 consisted of \$117,4456 of salaries and benefits (2018-\$107,532), \$148,933 of interest and accretion expenses (2018-\$104,248), \$34,722 of consulting fees (2018 \$(208,981)), \$32,426 of office and administrative expenses (2018-\$41,849), \$40,938 of amortization of property plant and equipment expenses (2018-\$41,614), \$87,095 of professional fees (2018-\$66,630), and \$38,202 of other expenses (2017-\$57,250), including advertising, amortization on deferred finance charges, bank charges, agent fees and travel. Also, there was a reduction of \$78,301 (2018-\$NIL) in development fees due to the reclassification of certain expenses that were determined to be construction cost and recorded against construction in progress. Also, there was a reduction in Management fees of \$57,067(2018-Nil) as there was an amendment to the vested dates of the RSU’s, which resulted in a reduction of the fair value expenses in the current quarter.

The most significant reduction in expense in the year ended April 30, 2019 occurred in the three-month period ended January 31, 2019 as compared to the same three-month period in the year ended April 30, 2018. In the three-month period ended January 31, 2018: a) the Company completed a private placement offering and granted security for a credit facility (the “Credit Facility”) from BJK Holdings Ltd. (“BJK”), which included the issuance of warrants to BJK, resulting in a charge of \$3,300,206 for value of the warrants; b) options were granted to certain directors, officers, employees and consultants, resulting in an expense of \$948,447; and c) the Company had an increase in development expense \$583,049 (2018-\$Nil) as a result of certain charges being recorded for commissioning of the plant.

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Management fees related to expense recorded for the RSUs increased in each of the three-month periods ended July 31, 2018 (\$160,738) (2018-\$NIL), October 31, 2018 (\$160,378) (2018-\$NIL) and January 31, 2019 (141,173) (2018-\$64,773) compared to the same quarters in 2018 due the RSU being issued at the end to the three months ended January 31, 2018.

Revenue for 3 months ending April 30, 2019 was \$3,000, compared to \$NIL for the 3 months ended April 30, 2018, as the Company made its first sale of diesel.

**LIQUIDITY AND CAPITAL RESOURCES**

As at April 30, 2019, the Company had \$354,258 cash, and working capital deficit of \$4,804,477. The Company is not subject to external working capital requirements.

During the year ended April 30, 2019, the Company provided cash \$1,638,993 by operating activities mainly from increase in accounts payable and accrued liabilities with main expenses in professional and consulting expenses related to engineering work and preparing for production and the Company also received \$4,524,367 inflow from its financing activities through a loan agreement, long-term loans and the issuance of units, each unit consisting of one common share and one half of one share purchase warrant (see “Financial Transactions” for more detail).

**OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

**CONTINGENCIES / LEGAL PROCEEDINGS**

The Company does not have any legal proceedings.

**FINANCIAL TRANSACTIONS**

The following financial transactions occurred in the years ended April 30, 2018 and 2019:

- A. On July 17, 2017, Cielo issued 8,500,000 common shares, \$270,000 for cash and \$580,000 for reduction of loans. Each common share was issued together with one-half of one warrant under a private placement offering of units (the “Unit Offering”). Each warrant is exercisable at a price of \$0.20 for 12 months from the date of issuance, subject to earlier termination in accordance with the warrant terms. This was the first tranche closing of the Unit Offering.
- B. On July 17, 2017, Cielo issued 1,250,000 common shares as the result of the conversion of convertible debentures of \$125,000.
- C. On August 3, 2017, Cielo issued 105,125 common shares as the result of the conversion of convertible debentures of \$10,513.
- D. On August 31, 2017, Cielo issued 5,500,000 common shares for \$550,000 cash. Each common share was issued together with one-half of one warrant under the Unit Offering. Each warrant is exercisable at a price of \$0.20 for 12 months from the date of issuance, subject to earlier termination in accordance with the warrant terms. This was the second tranche closing of the Unit Offering.

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- E. On September 21, 2017, Cielo issued 8,832,360 common shares, \$515,000 for cash and \$368,236 for reduction of loans under the Unit Offering. Each common share was issued together with one-half of one warrant under the Unit Offering. Each warrant is exercisable at a price of \$0.20 for 12 months from the date of issuance, subject to earlier termination in accordance with the warrant terms.. This was the third tranche closing of the Unit Offering.
- F. On October 6, 2017, Cielo issued 625,000 common shares as the result of the conversion of convertible debentures of \$62,500.
- G. On October 6, 2017, Cielo issued 162,833 shares to settle debt of \$19,540.
- H. On November 2, 2017, Cielo completed a financing arrangement with a private Alberta based lender (the "Lender"). Cielo and the Lender entered into a loan agreement (the "Loan Agreement"), whereby the Lender made available to the Company up to \$3,500,000 (the "Credit Facility") until September 30, 2018, to be used by Cielo primarily for the conversion of its first commercial refinery (the "Commercial Refinery") on its property in High River, Alberta (the "Property"). The Credit Facility is structured as a non-revolving line of credit with security held by the Lender over all assets, including the Property and all other real property, of Cielo, subordinating other secured lenders of Cielo. The Credit Facility bears simple interest at 12% annually. Payments of interest only are payable until September 30<sup>th</sup>, 2018, after which time regular payments of principal together with interest will become payable until the loan matures in June 2022. Cielo is able to repay the loan without penalty any time after September 30<sup>th</sup>, 2018. Cielo has obtained \$3,500,000, the full available amount, of the Credit Facility in order to, in part, repay and discharge its existing mortgage on the Property with XR Resources Inc., such mortgage previously announced on April 19, 2017, and also to exercise its option to purchase the demonstration plant (the "Demo Plant") it was previously leasing from FS Business Enterprises Inc., pursuant to a Purchase Option Agreement dated October 26, 2016, also previously announced on October 27, 2016. The Demo Plant was being converted into the Commercial Refinery on the Property. As partial consideration for the Credit Facility, Cielo has issued 25,000,000 bonus warrants (the "Warrant(s)") to the Lender, each Warrant exercisable to purchase one common share of Cielo at an exercise price of \$0.20 (the "Exercise Price"), subject to adjustments for any reorganizations or dilutive events during the term of the Warrants. In accordance with the terms of the Warrants, in the event that Cielo issues additional common shares at a price (or convertible securities with an exercise price) lower than the Exercise Price or the market price at the time, whichever is higher, the Lender will be entitled to receive additional securities at a slightly decreased price, subject to the maximums and terms imposed by the Canadian Securities Exchange. In the event that an exercise of Warrants by the Lender results in the Lender holding at least 10% of the voting securities of Cielo, the Lender will be entitled to nominate a director pursuant to a Nomination Rights Agreement for so long as its holdings of voting securities remain at 10% or over. The Warrants expire on the earlier of (i) November 2, 2022 and (ii) the later of (A) November 2, 2019 and (B) 30 days following full repayment of the Loan, but not later than 5 years from the issuance date.
- I. On November 8, 2017, Cielo completed the fourth and final tranche of the Unit Offering at \$0.10 per unit. Each unit is comprised of one common share and one half of one warrant, with each full warrant having an exercise price of \$0.20 and an expiration date of twelve months from the date of issuance of the Units. In connection with the fourth tranche of the Private Placement, Cielo paid \$84,076 in cash commissions and did not issue any finder warrants. All securities issued pursuant to the Private

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Placement will be subject to a statutory four-month hold period. A total of \$3,273,236 was raised through the Private Placement, exceeding the original maximum target of \$3,000,000 by \$273,236.

- J. On December 12, 2017, the Company issued 1,538,461 common shares through a non-brokered private placement issuance of common shares, at a subscription price of \$0.13 per share. All of the common shares were issued for cash of \$200,000.
- K. On January 25, 2018, the Company issued 1,122,916 common shares as the result of the conversion of convertible debentures of \$100,000 and accrued interest of \$12,292.
- L. On June 7, 2018, the company issued 2,000,000 common shares through the exercise of 2,000,000 warrants which were eligible for an early warrant incentive program at the price of \$0.20 per share. Each participant is entitled to receive \$0.0875 per warrant exercised (Note 10-Royalty payable). These shares were issued for cash of \$400,000.
- M. On June 15, 2018, the Company issued 875,000 common shares through the exercise of 875,000 warrants which were eligible for an early warrant incentive program at the price of \$0.20 per share. Each participant is entitled to receive \$0.0875 per warrant exercised, (Note 10-Royalty payable). These shares were issued for cash of \$175,000.
- N. On June 22, 2018, the Company issued 162,500 common shares through the exercise of 162,500 warrants which were eligible for an early warrant incentive program at the price of \$0.20 per share. Each participant is entitled to receive \$0.0875 per warrant exercised, (Note 10- Royalty payable). These shares were issued for cash of \$32,500.
- O. On July 3, 2018, the Company issued 1,960,781 common shares through a non-brokered private placement offering of units at a subscription price of \$0.16 per share. These shares were issued to settle debts of \$313,725. Using the trading value on the same date, a loss of \$78,431 resulted from these debt settlements.
- P. On July 3, 2018, the Company issued 7,125,000 common shares through the exercise of 7,125,000 warrants which were eligible for an early warrant incentive program at the price of \$0.20 per share. Each participant is entitled to receive \$0.0875 per warrant exercised, (Note 10- Royalty payable). These shares were issued for cash of \$1,425,000.
- Q. On August 2, 2018 the Company issued 477,363 common shares at a fair value of \$114,567 using the closing trade price on the same date, to settle debt of \$100,246 which resulted in a loss of \$14,321.
- R. On August 3, 2018, the Company issued 24,000 shares through the exercise of 24,000 finders warrants at the price of \$0.10 per share. The shares were issued for the warrants and cash of \$2,400. \$2,853 was reallocated from reserve to share capital as a result of the warrants conversion.
- S. On August 3, 2018, the Company issued 1,437,500 shares through the exercise of 1,437,500 warrants at the price of \$0.20 per share. The shares were issued for the warrants and cash of \$287,500.
- T. On August 16, 2018, the Company issued 50,000 shares through the exercise of 50,000 warrants at the price of \$0.20. The shares were issued for the warrants and cash of \$10,000.

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- U. On August 31, 2018, the Company issued 408,000 shares through the exercise of 408,000 finders warrants at the price of \$0.10 per share. The shares were issued for the warrants and cash of \$40,800. \$41,126 was reallocated from reserve to share capital as a result of the warrants conversion.
- V. On August 31, 2018, the Company issued 200,000 shares through the exercise of 200,000 warrants at the price of \$0.20 per share. The shares were issued for the warrants and cash of \$40,000.
- W. On September 13, 2018, the Company issued 228,918 common shares at a fair value of \$57,230 using the closing trade price on the same date, to settle debt of \$45,784 which resulted in a loss of \$11,446.
- X. On September 13, 2018, the Company issued 900,000 shares through the exercise of 900,000 warrants at the price of \$0.20 per share. The shares were issued for the warrants and debt conversion of \$180,000.
- Y. On September 21, 2018, the Company issued 941,180 shares through the exercise of 941,180 warrants at the price of \$0.20. The shares were issued for the warrants and cash of \$188,236.
- Z. On November 30, 2018 the Company issued 2,826,025 common shares at a fair value of \$367,383 using the closing trade price on the same date, to settle debt of \$508,684 which resulted in a gain of \$141,301.
- AA. On November 30, 2018 the Company issued 3,029,167 common shares at a fair value of \$393,792 using the closing trade price on the same date, to settle debt of \$605,833 which resulted in a gain of \$212,041.
- BB. On December 17, 2018, the Company issued 6,726,200 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of \$0.13 per unit. 6,400,000 shares were issued for cash of \$832,000 and 326,200 common shares were issued to settle debt of \$42,406 resulting in no gain or loss. Warrants were assigned a value of \$134,524 based on the residual value method. The Company paid a 7% cash and warrant commission (\$30,300 cash and 231,000 finders' warrants).
- CC. On December 20, 2018, the Company issued 2,076,923 common shares through a non-brokered private placement offering of units, each consisting of one common share and one share purchase warrant, at a subscription price of \$0.13 per unit. All shares were issued for cash of \$270,000. Warrants were assigned a value of \$41,538 based on the residual value method.
- DD. On February 11, 2019, the Company issued 3,845,884 common shares through a non-brokered private placement offering of units, each consisting of one common share and one share purchase warrant, at a subscription price of \$0.13 per unit. All shares were issued for cash of \$499,965. Warrants were assigned a value of \$115,377 based on the residual value method .
- EE. On February 11, 2019, the Company issued 46,289 common shares at a fair value of \$4,860 using the closing trade price on the same date, to settle debt of \$8,332 which resulted in a gain of \$3,472.

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FF. On April 18, 2019, the Company issued 40,000 shares through the exercise of 40,000 finders warrants at the price of \$0.10 per share. The shares were issued for the warrants and cash of \$4,000. \$6,200 was reallocated from reserve to share capital as a result of the warrants conversion.

GG. On April 18, 2019, the Company issued 113,998 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of \$0.13 per unit. 113,998 common shares were issued to settle debt of \$14,280 resulting in no gain or loss. Warrants were assigned a value of \$6,270 based on the residual value method.

The net proceeds of all of the financial transactions above were used as intended and disclosed, without variance. All net funds were used to pay professional fees (including legal, accounting, engineering, research and administration).

**TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties.

Accounts payable and accrued liabilities balances at April 30, 2019 outstanding to the CEO of the Company in the amount of \$45,188 (2018 - \$nil).

Accounts payable and accrued liabilities balances at April 30, 2019 outstanding to a company owned by the CFO in the amount of \$29,783 (2018 - \$5,192). The Company issued 150,000 shares in exchange for 150,000 warrants and \$30,000 of accounts payable owed to this company

Management compensation for the officers and directors during the years are disclosed as below:

**Year ended April 30, 2019**

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	CEO & Director	\$ -	\$325,246	\$ -	\$256,157	\$581,403
Shannon Wyzykoski	CFO	\$136,490	\$ -	\$ -	\$ -	\$136,490
Chris Dovbniak	Director	\$5,787 <sup>(1)</sup>	\$ -	\$ -	\$ -	\$5,787
Doug Mackenzie	Director	\$ -	\$ -	\$ -	\$ -	\$ -
Mel Angelvedt	Director	\$ -	\$ -	\$ -	\$ -	\$ -
Robin Ray	Director	\$4,000 <sup>(2)</sup>	\$ -	\$ -	\$ -	\$4,000
Micheal Yeung	Officer- VP- Business Development and Capital Markets	\$ -	\$120,462	\$ -	\$128,079	\$248,541
		<b>\$146,277</b>	<b>\$445,708</b>	<b>\$ -</b>	<b>\$384,236</b>	<b>\$976,221</b>

(1) Technical consulting fees paid with respect to the construction in progress.

(2) Consulting fees paid with respect to filing corporate tax returns for the Company.



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Year ended April 30, 2018

		Consulting fees	Gross Salaries	Stock Options	RSU	
		Paid	Paid	Shares Based	Shares Based	Total
				Compensation	Compensation	
Don Allan	CEO & Director	\$ -	\$158,508	\$450,212	\$102,923	\$711,643
Shannon Wyzykoski	CFO	\$77,880	\$ -	\$20,009	\$ -	\$97,889
Chris Dovbniak	Director	\$ -	\$ -	\$50,024	\$ -	\$50,024
Doug Mackenzie	Director	\$ -	\$ -	\$50,024	\$ -	\$50,024
Mel Angeltvedt	Director	\$ -	\$ -	\$50,024	\$ -	\$50,024
Robin Ray	Director	\$ -	\$ -	\$50,024	\$ -	\$50,024
		\$77,880	\$158,508	\$670,315	\$102,923	\$1,009,626

Office expense of \$3,612 (2018 - \$7,714), salaries and benefits of \$50,976 (2018 - \$34,537), rent expense of \$11,304 (2018 - \$19,377) and telephone expense of \$829 (2018 - \$2,234) were charged back to 1888711 Alberta Inc., a company related by officers and directors. A balance of \$23,200 (2018 \$nil) is owed by 1888711 Alberta Ltd. a company related by officers and directors (i.e. Don Allan).

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties.

Accounts payable and accrued liabilities balances at April 30, 2019 outstanding to the CEO of the Company in the amount of \$45,188 (2018 - \$nil).

Accounts payable and accrued liabilities balances at April 30, 2019 outstanding to a company owned by the CFO in the amount of \$29,783 (2018 - \$5,192). The Company issued 150,000 shares in exchange for 150,000 warrants and \$30,000 of accounts payable owed to this company.

The Company issued 500,000 shares in exchange for 500,000 warrants and \$100,000 of accounts payable owed to a company owned by Michael Young (officer). Accounts payable and accrued liabilities balances at April 30, 2019 outstanding to Michael Yeung in the amount of \$517 (2018 - \$nil).

A director of the Company received \$4,000 in fees (2018 - \$nil) as payment for services provided with respect to tax filings for the Company.

A director of the Company received \$5,787 in fees (2018 - \$nil) as payment for services provided with respect to construction of the Company’s refinery in Aldersyde, Alberta.

Further details are available in the Note 8, Note 11, Note 12, Note 13 and Note 15 to the April 30, 2019 annual Audited Financial Statements.

**OUTSTANDING SHARE DATA**

As at April 30, 2019, the Company had 175,687,011 common shares, 38,873,762 warrants (“Warrants”), 231,000 finder/broker warrants (“Finder/Broker Warrants”), 10,240,000 stock options (“Options”) and 4,750,000 Restricted Share Units (“RSUs”) issued and outstanding.

As of the date of this MD&A, the Company has 193,755,881 common shares, 45,785,976 share purchase

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warrants (including 3,170,000 finder’s warrants), 10,240,000 stock options and 4,750,000 RSUs issued and outstanding.

27,292,346 of the share purchase warrants are exercisable at \$0.1832 per share (subject to further decrease in the case of additional dilutive events – see “Financial Transactions”, section H) and expire on the earlier of (i) November 2, 2022 and (ii) the later of (A) November 2, 2019 and (B) 6 months following full repayment of the corresponding loan, but not later than 5 years from the issuance date.

12,763,005 of the share purchase warrants are exercisable at \$0.20 per share and expire between December 17, 2021 and April 18, 2022.

2,560,625 of the share purchase warrants are exercisable at \$0.25 per share and expire between May 6 and July 16, 2023.

231,000 of the finder warrants are exercisable at \$0.20 per share and expire on December 17, 2020.

3,604,227 of the finder warrants are exercisable at \$0.10 per share and expire between May 6 and July 16, 2023.

The options are exercisable for a period of three years from the date of grant and vested immediately upon grant. 5,500,000 of the options are exercisable at \$0.10 per share until November 7, 2019 and 4,740,000 of the options are exercisable at \$0.25 per share until January 12, 2021.

The RSUs vest 50% on January 12, 2020 and 50% on January 12, 2021.

**CRITICAL ACCOUNTING ESTIMATES**

This item does not apply as the Company is a venture issuer.

**CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Details are available in the April 30, 2019 annual audited financial statements, which are available at [www.sedar.com](http://www.sedar.com).

**FINANCIAL INSTRUMENTS**

Refer to Note 15 to the Company’s financial statements for the year ended April 30, 2019.

**RISK FACTORS**

Risks of the Company’s business include the following:

**No History of Revenues or Dividends**

Cielo has no history of earnings and there is no assurance that the property, or any other future property that may be acquired by Cielo, will generate earnings, operate profitably, or provide a return on investment in the future. Cielo has no plans to pay dividends in the foreseeable future.

**Reliance on Management’s Expertise**

Cielo strongly depends on the business acumen of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could

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have a material adverse effect on the Issuer. Cielo does not have any key person insurance in place for management.

**Renewable Diesel Fuel Industry**

As a result of extensive research, management believes that US, Canadian and most European governments require a minimum of 2% - 10% of diesel fuels to be comprised of renewable diesel. In Canada, it is 2% minimum by the federal government and in most provinces and an additional 2% has been added to the federal mandate, with some provinces increasing their requirement to 5% minimum blend, making a total blend of 7%. In USA it is 2-5% depending on State, with California seeking to increase to 10%. In Europe it is 5% for automotive and 10% for airlines.

- 2015 bio-diesel requirements for Western Canada were 196 million litres.
- 2015 bio-diesel production in Western Canada was reported to be 42-Million litres
  
- The remaining 89.9% had to be imported from abroad

The development of a renewable fuel refinery involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the renewable fuel production may result in substantial rewards, few renewable fuel refineries are developed into profitable businesses without significant help from government subsidies. Major expenses may be required to establish the refinery business. It is impossible to ensure that the current business plan by the Company will result in a profitable commercial refining operation.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Renewable fuel refining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the feedstock, process design, the fluctuation of fuel prices and possible damage to, or destruction of the producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, refining operations are subject to hazards such as equipment failure and fuel storage areas, which may result in environmental pollution and consequent liability.

The Company's refining activities are directed towards the search, evaluation and development of feedstock and its ability to convert it into renewable fuel. There is no certainty that the refineries will result in production of commercial quantities of renewable fuel. There is competition within the renewable fuel industry which is considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production.

**Commodity Prices**

The profitability of the Company's operations is significantly affected by changes in the market price of various renewable fuels. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, cash flow from operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated production of fuel will be

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achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of renewable fuels, may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feed stock costs or drop in renewable fuel prices, could cause the refining operation to be unprofitable in any particular accounting period.

**Uninsured Risks**

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

**Conflicts of Interest**

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors to be in a position of conflict. Don Allan, Mel Angeltvedt and Robin Ray are each a director and/or officer of 1888711 Alberta Inc., the Company’s licensee/licensor, as described in this MD&A, and Mel Angeltvedt is also a shareholder with significant shareholdings. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

During the year ended April 30, 2019, there has been no significant change in the Company’s internal control over financial reporting since last year.

The Company’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company’s certifying officers to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis.

In contrast to the certificate under National Instrument (“NI 52-109”) (Certification of Disclosure in Issuer’s Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

**DIRECTORS AND OFFICERS**

Don Allan	Director, CEO, President
Robin Ray	Director
Doug MacKenzie	Director
Chris Dovbniak	Director

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Mel Angeltvedt	Director
Shannon Wyzykoski	CFO
Stuart McCormick	Vice President, Compliance and Regulatory Affairs
Michael Yeung	Vice President, Business Development and Capital Markets

**SUBSEQUENT EVENTS**

- A. On May 7, 2019 the Company announced a private placement offering (the “Offering”) of a targeted minimum of CAD \$1,000,000 in convertible debentures units (the “Unit(s)”). Each Unit consists of one (1) \$10,000 unsecured convertible debenture (the “Debenture(s)”) and 5,000 share purchase warrants (the “Warrant(s)”). The Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest to be prepaid (the “Prepaid Interest”) on the date of issuance of the Debentures (the “Issue Date”) by the issuance of common shares (the “Prepaid Interest Shares”) at a price of \$0.10 per Prepaid Interest Share. The principal of the Debentures (the “Principal”) together with all accrued interest exceeding the Prepaid Interest (the “Interest Balance”) will be repaid 48 months from the Issue Date unless repaid earlier by the Company without penalty or converted by the holder(s) thereof any time after four months and a day following the Issue Date at a price of \$0.06 for the Principal and \$0.10 for the Interest Balance. Each Warrant is exercisable for a term of 48 months from the Issue Date (the “Warrant Term”) at an exercise price of \$0.25 per share, subject to acceleration in the event that the common shares of the Company listed on a recognized stock exchange trade at \$0.50 or higher for at least five (5) consecutive trading days, in which event the Company may provide a notice to holders that the Warrant Term will terminate 30 days from the date of notice.
- B. On May 7, 2019 the Company announced a total of \$1,008,000 in gross proceeds had been raised from the Offering. Commissions of \$34,480 was paid and 588,000 finders’ warrants issued, with each finders’ warrant exercisable at \$0.10 for 4 years from the issuance date. A total of 3,024,000 shares were also issued to the debenture holders as Prepaid Interest Shares.
- C. On June 4, 2019, the Company announced a total of \$787,000 in gross proceeds had been raised from the Offering. Commissions of \$18,160 was paid and 320,253 finders’ warrants issued, exercisable at \$0.10 for 4 years from the issuance date. A total of 2,361,000 shares were also issued to the debenture holders as Prepaid Interest Shares.
- D. On June 27, 2019 the Company announced a total of \$1,020,250 in gross proceeds had been raised from the Offering. Commissions of \$25,000 was paid and 293,667 finders’ warrants issued, exercisable at \$0.10 for 4 years from the issuance date. A total of 3,060,750 shares were also issued to the debenture holders as Prepaid Interest Shares.
- E. On June 27, 2019, the Company announced that the parties agreed to extend the deadline to enter into three JV Agreements to September 30, 2019 (see Note 1).
- F. On July 7, 2019 the Company announced a total of \$776,000 in gross proceeds had been raised from the Offering. Commissions of \$39,720 was paid and 661,333 finders’ warrants issued, exercisable at \$0.10 for 4 years from the issuance date. A total of 2,328,000 shares were also issued to the debenture holders as Prepaid Interest Shares.

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- G. On July 16, 2019 the Company announced a total of \$1,530,000 in gross proceeds has been raised from the Offering. Commissions of \$65,600 was paid and 1,093,333 finders' warrants issued, exercisable at \$0.10 for 4 years from the issuance date. A total of 4,590,000 shares were also issued to the debenture holders as Prepaid Interest Shares.
- H. In June 2019, 534,010 shares were issued as a result of the conversion of \$53,401 of 2017 Debentures principal and accrued interest at \$0.10 per share.
- I. In July 2019, 2,171,110 shares were issued to settle debts of \$217,131 at \$0.10 per share.
- J. On July 30, 2019, the Company entered into another Memorandum of Understanding with Renewable U to build a refinery in the city of Lethbridge, Alberta under the same terms as the other three MOUs entered into with Renewable U.

**ADDITIONAL INFORMATION**

Additional information regarding the Company may be found on SEDAR, [www.sedar.com](http://www.sedar.com).