



## FORM 7

### **AMENDED SEPTEMBER MONTHLY PROGRESS REPORT**

**Name of CSE Issuer:** *CIELO WASTE SOLUTIONS CORP.* ("Cielo" or the "Company").

**Trading Symbol:** *CMC*

**Number of Outstanding Listed Securities:** 303,373,013

**Date:** October 5, 2020

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

#### *OPERATIONS UPDATE*

*On September 8, 2020, Cielo announced that its first commercial facility in Aldersyde, Alberta ("Facility") was back in production following an extended shut-down to allow for the implementation of upgrades.*

*Despite challenges related to COVID-19, Cielo's contractors continue to work and the operators began re-commissioning the Facility after installing newly designed equipment and implementing modifications to the flow process recommended by third party engineers to resolve problematic bottlenecks that were restricting production. The operation of the feedstock hoppers, the reacting tower and the waste line have been upgraded. With the implementation of these three major upgrades now complete, the Facility is once again producing distillate from wood waste using a proprietary catalyst. While the re-commissioning of these front-end components was in progress, the Facility was converting previously produced distillate into renewable naphtha, diesel and kerosene (aviation/marine jet fuel). In the coming days, now that distillate is being produced twenty-four hours a day, management expects to soon have enough distillate in the distillate holding tank to create the required amount of "head pressure" and to run both the distillate front-end as well as the back-end (which converts the distillate into renewable fuels) together and on a continuous-flow basis. This simultaneous operation of both ends was the primary reason for sourcing and implementing the upgrades.*

*Cielo also announced on that date that Cielo had provided a tour on August 17, 2020, to two Ministers of the Alberta Provincial Government: Honorable Travis Toews (UCP), Minister of Finance and Honorable Rick Wilson (UCP), Minister of Indigenous Relations. Both Ministers, at their request, along with an interested Indigenous group, toured the Facility hosted by Cielo's President and CEO, Don Allan. A social media post (Facebook) by Minister Toews following the tour stated: "I had a great visit and tour of Cielo Waste Solution's facility in Aldersyde. Cielo has an Alberta-made, patented technology that transforms multiple waste streams into renewable diesel and kerosene. They are demonstrating the viability of this innovative technology to new investors and to the energy sector. This initiative embodies the true nature of Alberta's entrepreneurial spirit."*

*With the newly engineered equipment and flow processes being in place and operating at the Facility, as a proactive measure Cielo disassembled the new equipment to confirm that there were no internal operational issues needing to be addressed before scaling up production. Management has determined that the equipment is operating as engineered. The new equipment is currently being reassembled after which the facility will be placed back on production.*

*Updates regarding continuous-flow production volumes will be forthcoming.*

#### **JOINT VENTURE UPDATE**

*On June 30, 2020, Cielo had announced that Cielo and Renewable U Grande Prairie Inc., Renewable U Medicine Hat Inc., Renewable U Halifax Inc., Renewable U Lethbridge Inc. and Seymour Capital Incorporated, (collectively the "JV Companies") had agreed to extend the deadline by which they will enter into previously announced joint venture agreements to 90 days after Cielo has reached 500 liters per hour of continuous production. These agreements (the "JV Agreements") will govern the building and operation of the first five facilities to be placed on production in the agreed territories in Alberta, Nova Scotia and Ontario ("JV Facilities"). With the Facility in Aldersyde back in continuous flow production, the JV Companies have informed Cielo that they wish to proceed with the JV Agreements as well as advancing funds to complete the engineering drawings to build five JV Facilities.*

#### **FINANCING UPDATE**

*On March 30, 2020, Cielo announced a private placement offering of unsecured convertible debenture units (the "Offering") for a targeted minimum of CAD \$500,000 in convertible debentures units (the "Unit(s)"). Each Unit consists of one (1) \$1,000 unsecured convertible debenture (the "Debenture(s)") plus 7,500 share purchase warrants (the "Warrant(s)"). The Debentures bear interest at a simple rate of 15% per annum with the initial three (3) 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 \$0.07 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 Cielo 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 \$0.05 for the Principal and at \$0.07 for the Interest Balance.*

*Each Warrant has a term of 48 months from the Issue Date (the “Warrant Term”) and an exercise price of \$0.07 per common share, subject to acceleration in the event that the common shares of Cielo, listed on a recognized stock exchange, trade at \$0.15 or higher for at least five (5) consecutive trading days, in which event CIELO may provide a notice to holders that the Warrant Term will terminate 30 days from the date of notice.*

*Although the Offering WAS non-brokered, the Company may, as determined in its sole discretion, pay reasonable customary brokers' and/or finders' commissions in connection with the completion of the Offering of up to 8% in cash of the gross proceeds raised by such broker(s)/finder(s) and issue finder warrants (the “Finder Warrants”) of up to 8% of the total number of common shares that would be issued to subscribers introduced to the Company by such broker(s)/finder(s), if 100% of the Principal under the subject Debentures is converted. The Finder Warrants have a 48-month term from the date of issue and an exercise price of \$0.07 per share.*

*The Offering has closed in multiple tranches. In total throughout the Offering, 4,694.64 Units have been issued for gross proceeds of CDN\$4,694,642.*

*Net proceeds of the Offering have been and will be used to scale-up production of high-grade renewable fuel at the Company’s green waste to renewable fuel facility in Aldersyde, Alberta (the “Aldersyde Facility”), as well as for general working capital purposes.*

*All securities issued pursuant to the Offering are subject to a statutory 4 month hold period.*

#### **DEBT SETTLEMENT**

*In addition to the Offering, in the month of September 2020, Cielo had agreed to settle amounts owing to certain arm’s length third parties for an aggregate of \$171,573 by the issuance of 2,859,550 common shares at a price per share of \$0.06. The shares are subject to a statutory hold period of 4 months from the date of issue.*

2. Provide a general overview and discussion of the activities of management.

*See No. 1*

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

*N/A*

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

*See No. 1 regarding Joint Venture Update.*

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

N/A

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

N/A

8. Describe the acquisition of new customers or loss of customers.

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

*On September 21, 2020, Cielo announce that the Canadian Patent and Trademark Office had issued a Canadian Patent to 1888711 Alberta Inc. ("1888"), a private Alberta corporation from whom Cielo holds its worldwide exclusive licence (the "Licence") to its waste to renewable fuels technology ("Technology").*

*Background: Cielo had executed an exclusive worldwide license agreement dated June 14, 2016 ("License Agreement") with 1888 for the further development of the Technology. Under the Licence Agreement, Cielo holds an exclusive and perpetual licence to commercialize the Technology, intended to be done through the building of renewable fuel facilities ("Facilities") for the production of renewable diesel as well as through sublicensing the Technology to third parties to build Facilities. The terms of the Licence*

*Agreement provide for the payment of royalties and commissions to 1888 from the commercialization of the Technology as well as a right of first refusal for Cielo to purchase the Technology, including all intellectual property and patents relating to the Technology. On or about November 1, 2017, Cielo and 1888 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 1888 at any time following the 14th day of operations of any Facilities based on production. Certain directors and officers of Cielo are also directors or officers of 1888.*

10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

*N/A*

11. Report on any labour disputes and resolutions of those disputes if applicable.

*N/A*

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

*N/A*

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

*Cielo continues to make interest payment(s) to BJK Lending, subject to one or more months which have been or may be delayed from time to time upon the consent of the lender.*

14. Provide details of any loans to or by Related Persons.

*\$30,000 of amounts owing to an officer of the Company (or a corporation controlled by such officer) were repaid by way of issuance of Units (see No. 1).*

15. Provide details of any changes in directors, officers or committee members.

*N/A*

16. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

*In the event the Worlds Developed Countries or the Canadian federal or provincial governments were to increase or decrease the amount of renewable fuel currently mandated to be blended with all transportation diesel fuel, it would have either a positive or negative impact on the Company's business. At this point in time, except for jet fuel, management believes that this amount is increasing, worldwide.*

*The public health COVID-19 crisis has affected and may continue to affect Cielo and its business for the foreseeable future. In particular, Cielo had stopped all tours for the time being, which were garnering interest in the Company's business in management's opinion,*

and temporarily laid-off operators, requiring the shut-down of the Refinery for the time being. The Refinery is back in production, tours have resumed and operators have returned to work, all following applicable laws and recommendations regarding social distancing.

The impact of the health crisis on market conditions previously had an impact on Cielo's ability to raising funds on favourable terms in order to complete the commissioning of and upgrades to Aldersyde refinery. However, Cielo has been fortunate to exceed its goals and successfully complete its financing (see No. 1).

With the changing landscape related to COVID 19, Cielo continues to monitor the situation on a daily basis and management intends to continue operating 24/7 with strict adherence to social distancing and other rules and recommendations by public health authorities related to COVID-19.

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: October 5, 2020

*“Don Allan”*

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President & Chief Executive Officer

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| <b><i>Issuer Details</i></b><br>Name of Issuer<br><br><i>CIELO WASTE SOLUTIONS CORP.</i> | For Month<br><i>September 2020</i>             | Date of Report<br>YY/MM/D<br><i>2020/10/05</i>       |
| Issuer Address<br><i>610 – 475 West Georgia Street</i>                                   |  |  |
| City/Province/Postal Code<br><i>Vancouver, BC, V6B 4M9</i>                               | Issuer Fax No.<br><i>(403)343-3572</i>         | Issuer Telephone No.<br><i>403-348-2972 Ext. 101</i> |
| Contact Name<br><i>Don Allan</i>   | Contact Position<br><i>President &amp; CEO</i> | Contact Telephone No.<br><i>403-348-2972 Ext 101</i> |
| <i>info@cielows.com</i>  | <i>www.cielows.com</i>                         |  |