Cielo

AMENDED

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE YEARS ENDED APRIL 30, 2017 AND 2018

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 ended April 30, 2017 and 2018 and should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2017 and 2018. 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.

Forward Looking Statements

The information presented in this 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 also 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, including but 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 Aug 20, 2018.

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 has entered the start-up and 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.

Cielo has 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, Cielo had considered building a second refinery, targeting a production rate of 1824 litres per hour. During the year ended April 30, 2018, Cielo focused on the construction if its first commercial refinery and, following the end of the year ended April 30, 2018, Cielo completed construction for Phase I and began the Phase I commissioning stage. As Cielo progresses through this Phase I commissioning stage, modifications to both design and construction intended to improve the processes continue to be made. Continued improvements have increased targeted outputs from 356 litres per hour to between 500 and 1,000 litres per hour. With respect to Phase II, management has determined that it would be more efficient to upgrade the current refinery to a greater capacity, targeting outputs of between 1,800 and 2,000 litres per hour, such that all Cielo refineries would produce at least at this rate at a minimum.

With the completion of the Company's financings (see "Financial Transactions") as well as the recent closing of an early warrant exercise program (see "Subsequent Events") management of the Company believes it has obtained sufficient funds to complete the commissioning stage of Phase I and begin operations of its first commercial refinery.

Prior to and during the years ended April 30, 2017 and 2018, the following advancements were made towards the completion of the first commercial refinery and movement toward operations:

1.) On June 14, 2016 Cielo announced that it had signed an exclusive license agreement with 1888711 Alberta Inc. ("1888711") to complete the development of the Company's renewable diesel technology, which 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 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.

2.) On July 26, 2016 Cielo announced that it has signed a Synthetic Diesel Purchase and Sales Agreement with Elbow River Marketing Ltd. which provides for the exclusive marketing, sale and distribution by Elbow River all of the synthetic diesel intended to be produced by Cielo. Cielo signed an extension to this Agreement on December 14, 2017, extending the commencement date from December 31, 2017 to July 31, 2018, which management anticipates will be extended again for a short time while awaiting production to begin The Agreement has an initial five-year term commencing after Cielo's first continuous flow plant is placed on production and may renew for two-year periods thereafter. All other terms of the Agreement remain unchanged.

3.) On October 27, 2016 Cielo announced that it had signed an equipment lease agreement for a 50 liter per hour thermal 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 $699,867.53 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 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, which was then dismantled and used in part for the construction of the first commercial refinery.

4.) On November 16, 2016 Cielo announced that it had signed a Commercial Purchase Agreement with XR Resources Inc. to purchase a property located in High River, Alberta, on which there is an existing bio-diesel refinery. This multi-feedstock processing plant was built in 2009 for an approximate capex cost of $10.2 million and was capable of producing 16 million liters/year of bio-diesel. The aggregate purchase price was $2,300,000, consisting of both share and cash consideration.

5.) On November 22, 2016 Cielo announced that it had awarded the construction contracts for the retrofitting and completion of its planned purchase of the above High River property.

6.) On February 17, 2017 Cielo announced that it had entered into an Asset Purchase Agreement with XR Resources Inc. The assets consist of a Case W20C front wheel loader and all of the associated complete bio-diesel analytic laboratory, equipment (gas chromatograph, Karl Fisher, automated Tiltrotor, flash point, etc.) and supplies. The acquisition was completed on March 20, 2017.

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. The Mortgage was repaid in full and on or about November 2, 2017.

7.) On July 10, 2017 Cielo announced that the Company had received its Development Permit from the MD of Foothills #31. Receipt of the Permit was a major milestone for Cielo, as it was issued subject only to standard terms and conditions, which Cielo's management are confident can easily be complied with.

8.) On July 20, 2017 Cielo announced the hiring of Kwik-Fab Energy Services to dismantle the Demo Plant and transport it to Sundre, AB for retrofits and modifications to convert the 50 liter an hour batch process Demo Plant into a 356 liter an hour continuous flow refinery. On September 18, 2017, the Company announced that the Demo Plant had been dismantled, at which point Cielo began identifying vendors for the larger equipment needed to complete the retrofitting. Cielo also moved its operational offices from an industrial park in Red Deer County to downtown Red Deer.

9.) 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, an ample supply of sawdust and wood shavings to fulfill 100% of the feedstock requirements for the Company's first commercial waste to renewable diesel refinery.

10.) 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 it's construction, Cielo hired a local High River automation company, Allstar Automation, to complete the first phase of the programing and automation.

See "Subsequent Events" for additional operational advances following the end of the year ended April 30, 2018.

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

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, 2017 and 2018. 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 2018, with respect to Phase I and has also progressed with Phase II to the extent possible.

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 completed approximately 75% of the 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. 1888711 has filed patent applications in the USA and Canada on the technology process design, pursuant to the License Agreement.

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 95% of the equipment and materials for Phase I and has begun commissioning the refinery for Phase I.

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 permit from Alberta Environmental and Parks.

Going concern

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, the next wave of advanced renewable fuels is currently on the cusp of commercial scale-up. Renewable fuels have already helped the world achieve a tangible reduction in emissions as global CO_2 emissions are forecast to rise by as much as 50 per cent over the next 25 years.

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, 2018, the Company completed a private placement offering of 32,732,360 units for gross proceeds of $3,273,236, each unit consisting of one common share and one half of one share purchase warrant exercisable for one year at $0.20 per warrant (subject to acceleration). The Company also completed a private placement offering of 1,538,461 common shares for gross proceeds of $200,000. The Company also obtained a credit facility to a maximum of $3,500,000. Subsequent to year end, the Company completed an early warrant exercise incentive program designed to encourage the early exercise of up to 16,366,180 unlisted warrants. 10,162,500 warrants were exercised for gross proceeds of $2,032,500. Each participant became entitled to receive $0.0875 per warrant exercised as a fixed rate royalty, which will be paid out pro rata over an estimated period of two years or less, at the discretion of management, from 10% of gross sales, which will be allocated to the repayment of the royalties once production begins. The management of the Company believes the funds received during and following the year ended April 30, 2018 is sufficient to complete development and commissioning of the Company's first commercial refinery and begin operations and earning revenues, however additional funds will be needed to expand operations and move forwarded with the next phases of the Company's business plan. Details regarding the foregoing financings have been previously disclosed and are available on SEDAR. 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.

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 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.

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.

Cielo completed the retrofitting of the Existing Refinery with the Company's proprietary technology and, at the time of this report, Cielo has begun the Phase I commissioning of the retrofitted refinery.

In the year ended April 30, 2018 the Company capitalized charges of $1,829,251 incurred in the development of the High River Property.

Contracts

The following contracts have been material to reaching the current stage of commercialization of Cielo's first commercial refinery:

On June 14, 2016 Cielo announced it had signed an exclusive license agreement with 1888711 Alberta Inc. ("1888711") to complete the development of the Company's renewable diesel technology, which 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 the technology, all intellectually property and any and all patents relating to this 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 1888 at any time following the 14th day of operations of any commercial refineries based on production.

On July 26, 2016 Cielo announced that it had signed a Synthetic Diesel Purchase and Sales Agreement with Elbow River Marketing Ltd. which provides for the exclusive marketing, sale and distribution by Elbow River of all the synthetic diesel intended to be produced by Cielo. Cielo continues to work closely with Elbow River so they are aware when the production of high grade renewable diesel will be available for sale. On December 21, 2017 Cielo announced that the commencement date has been extended from December 31, 2017 to July 31, 2018, which management anticipates will be extended again for a short time while awaiting production to begin.

On November 22, 2016, the Company announced that it had awarded the construction contracts for the retrofitting and completion of its planned purchase of the High River Property. These contractors are now engaged and are working on the retrofit of the technology into the Existing Refinery on the High River Property.

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 commercial waste to renewable diesel refinery, which is currently under construction on the Company's High River, Alberta property. This new agreement replaces the earlier disclosed agreement with Parkland Chips.

On November 2, 2017, the Company 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 will make 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 30th, 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 30th, 2018. See section entitled "Financial Transactions" (section Q) for additional details.

A multi-year feedstock agreement that Cielo had entered into on or about March 21, 2016 with Dipper Oil Recycling, a division of Little Dipper Holdings Ltd ("Little Dipper"), has been terminated, and Cielo remains in discussions with Terrapure Environmental, which purchased Little Dipper regarding new terms.

Cielo did not proceed with a definitive agreement with respect to a Memorandum of Understanding announced on April 13, 2017 with NxGen Global Inc.("NXGEN") as alternative financing was secured. Cielo does not anticipate it will continue further discussions with NXGEN.

SELECTED ANNUAL INFORMATION

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

	Year Ended April 30, 2018	Year Ended April 30, 2017	Year Ended April 30, 2016
	$	$	$
Total Revenue	NIL	NIL	NIL
Interest Income	NIL	NIL	NIL
Operating Expenses	6,261,666	759,322	617,869
Net Loss	(6,425,689)	(497,305)	(191,745)
Total assets	5,472,723	3,192,667	24,063
Total long-term liabilities	3,374,810	2,628,799	309,673
Net Loss per share (basic & diluted)	0.051	.005	.003

RESULTS OF OPERATIONS

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

The loss for the year ended April 30, 2018 ($6,425,689), compared to 2017 ($497,305) and 2016 ($191,745) was mainly a result of the increased activity related to the construction of the Company's first commercial refinery, which required the engagement of additional personnel as well as the securing of additional financing. In particular, the increase in loss was the combined result of the following operating expenditures: $323,802 for consulting fees (2017 - $4,463), finance expense of $3,300,206 (2017-$Nil), which is the charge for the fair value of the 25,552,649 warrants issued outstanding in connection with the loan agreement with BJK Holdings Ltd., $139,590 for office administration expenses (2017 - $56,772), $400,743 for interest and accretion expense (2017-$143,066), $948,447 for share based compensation (2017-$203,024), $419,715 for professional fees (2017 - $211,728), $188,693 in management fees (2017-$Nil), $30,476 for trust and filing fees (2017 - $26,270), $170,667 of amortization on property, plant and equipment (2017-$38,372), loss on settlement of debt of $175,721 (2017-$28,411 gain), and salaries and benefits of $220,548 (2017-$25,721).

Revenue for the year ended April 30, 2018 was $NIL, compared to $NIL for the Year ended April 30, 2017, as the Company has not yet begun earning revenues from production.

On April 30, 2018, the Company's main assets and liabilities were:

Cash - $560,891 (2017 - $106,110);
Prepaid expenses - $156,622 (2017 - $10,750);
Property plant and equipment -$4,703,885 (2017-$3,063,594)
Accounts payable and accrued liabilities - $662,060 (2017 - $384,580);
Due to Shareholder - $491,801 (2017 $495,352)
Short-term loans payable -$30,138 (2017 - $104,834)
Long-term loans payable, including convertible debts -$3,374,810 (2017-$2,628,799)
Due to Affiliated companies -$45,817 (2017 -$691,416)

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly information for the years ended April 30, 2017 and 2018 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.

Quarterly Financial Information	**30-Apr 2018**	**31-Jan 2018**	**31-Oct 2017**	**31-Jul 2017**	**30-Apr 2017**	**31-Jan 2017**	**31-Oct 2016**	**31-Jul 2016**	**30-Apr 2016**
Operating data:	$	$	$	$	$	$	$	$	$
Total revenue	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Operating Expenses	338,248	5,026,990	670,147	226,281	534,907	62,137	38,317	123,961	42,363
Net Earnings (loss)	(338,462)	(5,015,078)	(812,249)	(259,900)	(272,890)	(62,137)	(38,317)	(123,961)	(383,761)
Balance sheet data:									

Total assets	5,472,723	4,449,278	3,940,494	3,174,832	3,192,667	1,079,725	759,209	18,958	24,063
Total current liabilities	1,734,111	1,137,352	1,579,072	1,568,829	2,029,928	2,396,706	2,331,838	1,496,661	1,448,593

Explanation of Quarterly Variances.

The loss of ($338,248) for the three-month period ended April 30, 2018, compared to the loss for the three-month period ended April 30, 2017 ($272,890) consisted of $123,920 of management fees (2017-Nil), $107,532 of salaries and benefits (2017-$6,416), $104,248 of interest and accretion expenses (2017-$143,066), $41,849 of office and administrative expenses (2017-$18,350), $41,614 of amortization of property plant and equipment expenses (2017-$38,372), $66,630 of professional fees (2017-$103,297), and $57,250 of other expenses (2017-$66,663), including advertising, amortization on deferred finance charges, bank charges, agent fees and travel. Also there was a reduction of $208,981(2017-Nil) in consulting fees due to the reclassification of certain expenses that were determined to be share issuance cost and recorded against share capital.

Revenue for 3 months ending April 30, 2018 was $NIL, compared to $NIL for the 3 months ended April 30, 2017.

Expenses began to increase in the year ended April 2018, in the three-month periods ended October 31, 2017 and in particular January 31, 2018, respectively. The most significant variances occurred in the three-month period ended January 31, 2018, as a result of the completion of a private placement offering and the security of a credit facility (the "Credit Facility") from BJK Holdings Ltd., which allowed the Company to increase activity related to the construction of the Company's first commercial refinery. The largest expense of $3,300,206 was a charge for value of warrants issued to BJK Holdings Ltd. pursuant to the terms of the Credit Facility. In addition, $948,447 resulted from the issuance of options to directors, officers, employees and consultants in the same three-month period. Consulting fees related to the securing of financing as well as the advancement of construction also increased in both the three-month periods ended October 31, 2018 ($257,366) and January 31, 2018 ($251,417).

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2018, the Company had $560,891 cash, and working capital deficit of $965,274. The Company is not subject to external working capital requirements.

During the year ended April 30, 2018, the Company used $1,143,553 in operating activities mainly for professional and consulting expenses related to engineering work and preparing for production and the Company also received $3,409,292 inflow from its financing activities through a loan agreement, long-term loans and issuing 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, 2017 and 2018:

A. On April 28, 2016 Cielo announced a non-brokered private placement offering of up to CAD $1,000,000 in secured convertible debentures, with a minimum subscription of $10,000 per subscriber. The Convertible Debentures will mature three (3) years from the date of issuance, carry an interest rate of 15% per annum, and be convertible at the option of the holder at a price of $0.10 per common share of Cielo. This offering was completed in three (3) tranches, closing on June 20, 2016, February 17, 2017 and March 31, 2017, raising aggregate gross proceeds of $610,000.00

B. On June 17, 2016, the Company issued 1,550,000 common shares at a fair value of $62,000 using the closing trade price on the same date, to settle debt of $77,500, which resulted in a gain of $15,500.

C. On July 4, 2016, Cielo issued 140,000 common shares at a fair value of $4,200, using the closing trade price on the same date, to settle debt of $7,000 which resulted in a gain of $2,800.

D. On October 27, 2016, Cielo issued 830,000 common shares at a fair value of $33,200 using the closing trade price on the same date, to settle debt of $41,500, which resulted in a gain of $8,300.

E. On November 17, 2016, Cielo issued 5,000,000 common shares at a fair value of $200,000 using the closing trade price on the same date. These shares were issued as partial payment for the purchase of the property in High River, Alberta.

F. On March 17, 2017, Cielo purchased a Case W20C front wheel loader and all of the associated complete bio-diesel analytic laboratory, equipment (gas chromatograph, Karl Fisher, automated Tiltrotor, flash point, etc.) and supplies, by issuing 2,036,364 common shares at a fair value of $142,545.

G. On April 5, 2017, Cielo issued 1,250,000 common shares as the result of the conversion of convertible debentures of $125,000.

H. On April 13, 2017, Cielo received a $250,000 loan from a related party in exchange for a demand promissory note for the purposes of contributing to the purchase of the property, including a refinery to be retrofitted, in High River, Alberta.

I. 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.

J. On July 17, 2017, Cielo issued 1,250,000 common shares as the result of the conversion of convertible debentures of $125,000.

K. On August 3, 2017, Cielo issued 105,125 common shares as the result of the conversion of convertible debentures of $10,513.

L. 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.

M. 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.

N. On October 6, 2017, Cielo issued 625,000 common shares as the result of the conversion of convertible debentures of $62,500.

O. On October 6, 2017, Cielo issued 162,833 shares to settle debt of $19,540.

P. 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 30th, 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 30th, 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.

Q. 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 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.

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, 2018 outstanding to officers and directors of the Company in the amount of $Nil (2017 - $22,245).

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

Year Ended April 30, 2018		Consulting fees Paid	Gross Salaries Paid	Stock Options Share Based Compensation	RSU Share Based Compensation	Total
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

Year Ended April 30, 2017		Consulting fees Paid	Gross Salaries Paid	Stock Options Share Based Compensation	RSU Share Based Compensation	Total
Don Allan	CEO & Director	$ -	$ -	$ -	$ -	$ -
Shannon Wyzykoski	CFO	$ 13,838	$ -	$ -	$ -	$ 13,838
Chris Dovbniak	Director	$ -	$ -	$ 18,500	$ -	$ 18,500
Doug Mackenzie	Director	$ -	$ -	$ 18,500	$ -	$ 18,500
Mel Angeltvedt	Director	$ -	$ -	$ 18,500	$ -	$ 18,500
Robin Ray	Director	$ -	$ -	$ 18,500	$ -	$ 18,500
		$ 13,838	$ -	$ 74,000	$ -	$ 87,838

The Company also issued 300,000 shares to settle debt of $30,000 to a company owned by the CFO pursuant to a private placement offering of units.

Office expense of $7,714, (2017 - $1,818), salaries and benefits of $34,537 (2017 - $27,866), rent expense of $19,377 (2017-$29,980) and telephone expense of $2,234 (2017 - $3,602) were charged back to 1888711 Alberta Inc., a company related by officers and directors (i.e. Don Allan).

Further details are available in the Note 7, Note 9, Note 10 and Note 11 to the April 30, 2018 annual Audited Financial Statements.

OUSTANDING SHARE DATA

As at April 30, 2018, the Company had 140,192,283 common shares, 41,918,829 warrants ("Warrants"), 656,000 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 154,304,427 common shares, 29,759,273 share purchase warrants (including 632,000 finder's warrants), 10,240,000 stock options and 4,750,000 RSUs issued and outstanding.

The share purchase warrants are exercisable at $0.20 per share (subject to decrease in the case of BJK Holdings Inc. in the event of dilutive events – see "Financial Transactions", section Q) and expire on various dates between August 31, 2018 and November 2, 2022.

The finder warrants are exercisable at $0.10 per share and expire on either August 31, 2018 or March 31, 2019.

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 and 4,740,000 of the options are exercisable at $0.25 per share.

The RSUs vest at various times over a period of three years or less from the date of grant up to 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, 2018 notice to reader financial statements, which are available at www.sedar.com.

FINANCIAL INSTRUMENTS

Refer to Note 15 to the Company's financial statements for the year ended April 30, 2018.

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 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 understands 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 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, 2018, there has been no significant change in the Company's internal control over financial reporting since last year.

On October 27, 2016 Cielo had a change in Chief Financial Officers, with the resigning of Jason Christian. Shannon Wyzykoski has taken on this role. Ms. Wyzykoski is a Chartered Professional Accountant with over 20 years' experience.

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
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 June 6, the Company announced the implementation of an early warrant exercise incentive program (the "Program") designed to encourage the early exercise of up to 16,366,180 unlisted warrants. On

July 4, the Company announced that it had closed the Program. Cielo received gross proceeds pf $2,032,500 as a result of the exercise of 10,162,500 warrants. Each participant is entitled to receive $.0875 per warrant exercised as a fixed rate royalty which will be paid out prorate over an estimated period of two years or less, at the discretion of management. Once production begins, the company will allocate 10% of gross sales to the payment of the royalties.

B. On June 11, 2018, the Company announced that it had received its permit from the Ministry of Environment and Parks (Alberta) (the "Ministry") pursuant to the Environmental Protection and Enhancement Act, which was required in order to begin operations at its first commercial refinery in Aldersyde, AB.

C. On June 29, 2018, the Company announced that, as anticipated in previous news releases, the Company had initiated the start-up and commissioning of its first commercial refinery in Aldersyde, AB, which signifies the transitioning of the refinery from the construction stage to the commercial operation stage.

D. On July 4, the company announced that certain trade creditors elected to convert their trade debt in an aggregate amount of $313,725 into 1,960,871 common shares at a price of $0.16 per share. These shares will be subject to a 4 month hold.

E. On July 17, 2018, 600,000 unexercised warrants issued on July 17, 2017 pursuant to a private placement offering of units, each units consisting of one common shares and one half of one share purchase warrant, expired.

F. On Aug 3, 2018, the Company announced that it has received $289,000 from the exercise of 1,461,500 warrants at an exercise price of $.20. On the same date, certain contractors elected to convert $100,246.30 of trade payables into 477,363 shares at a price of $0.21 per share.

G. On August 16, 2018 the Company issued 50,000 shares as a result of the exercise of 50,000 warrants at a price of $0.20 per warrant.

ADDITIONAL INFORMATION

Additional information regarding the Company may be found on SEDAR, www.sedar.com.