CIELO

Window to a Cleaner World™

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED JULY 31, 2020

Notice to Reader

The following is management's discussion and analysis – quarterly highlights ("MD&A") in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (the "Company" or "Cielo") for the three months ended July 31, 2020 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.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51- 102F1, in accordance with National Instrument 51- 102 – Continuous Disclosure Obligations. It should be read in conjunction with the Company's audited annual financial statements for the year ended April 30, 2020, together with the notes thereto, and the accompanying unaudited interim condensed financial statements and related notes for the three months ended July 31, 2020.

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 September 28, 2020.

ABOUT CIELO

Cielo Waste Solutions Corp. ("Cielo" or the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2011 as a wholly owned subsidiary of Arris Holdings Inc. ("AHI"). Pursuant to an arrangement agreement with AHI dated March 1, 2011 and the supplement to the arrangement agreement dated June 9, 2011, (collectively the "Arrangement Agreement"), the Company spun out from AHI and became a reporting issuer after the Arrangement Agreement became effective on June 9, 2011 ("Effective Date'). Commencing August 3, 2011, the Company's common shares started trading on Canadian Stock Exchange ("CSE") under the symbol CMC. Commencing December 9, 2019, the Company's common shares started trading on the OTCQB Venture Market ("OTCQB") under the symbol CEIWF. The symbol was updated to CWSFF on December 17, 2019.

The principal and registered office of the Company is located at 610 – 475 West Georgia Street, Vancouver, BC V6B 4M9.

Originally a mineral property acquisition and development company, a change in the board of directors in June 2013 resulted in a new direction for the Company. The Company's strategic focus is on the refining of municipal and construction waste into a renewable diesel fuel. The Company changed its name to Cielo Waste Solutions Corp. on August 12, 2013 to more clearly identify its focus on renewable diesel and waste solutions.

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 have 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 and commissioning of its first commercial refinery, the Company has continued to communicate with those who had previously submitted purchase orders or expressed interest to facilitate revenues upon the completion of the commissioning phase.

Management believes that renewable fuels are at the forefront of both policy and business landscapes as countries around the world seek 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 a exclusive global licene from 1888711 Alberta Inc. ("1888711"), a company related by officers and/or directors, pursuant to a license agreement dated June 14, 2016 (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 (jet and marine fuels), 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 repurchase the rights in the technology it had granted to 1888711 (such as royalties and commissions), as well as all intellectually property and any and all patents relating to the technology. Although Cielo has resumed making direct payments for costs associated with the construction, completion and commission of the first commercial refinery (which were being paid by 1888711 during approximatley the first year of the term of the Licence Agreement), the Licence Agreement remains in place as all other 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, 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 then 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. More recently, management has increased its targeted outputs for future refineries other than the Aldersyde refinery to 4,000 litres per hour. The Company has decided that there is enough feedstock available at each new location announced to fabricate and commission two 2,000 lph refineries. However, upon review with engineering and contractors, it has been determined that it would likely be simple and more economical (capex) for Cielo to scale up to a single 4,000 lph from 2,000 lph in each new location.

In order to run the refineries on a continuous flow basis, and not in a two-step process, Cielo needs to be able to generate and maintain more heat throughout the reactor and distillation towers and ancillary equipment, which Cielo originally planned would be achieved by purchasing and installing a second boiler and re-engineering the existing boiler, which was indicated in the Management's Discussion and Analysis for the six-month period ended October 31, 2018. However, Cielo's internal engineering and design team analyzed and determined that it would be substantially more effective and efficient to move from a hot oil boiler to electric heat. Cielo's engineering team believes that electric heat has many advantages, some of which include much higher temperatures, less capex to purchase, ease of operations and precise temperature controls. The higher temperatures allow Cielo to substantially increase the biomass feedstock percentage, which will also increase production, hydrogen & renewable content, increase centane and greatly reduce the sulfur content. Cielo has implemented this new electric system however the extra cost and time to do so has delayed the intended timeline for commercialization.

Cielo is also currently focused on the desulfurization process. Cielo is working with a third-party desulfurization company as well as the University Of Calgary to finalize this process. In the meantime, Cielo plans to store a portion and sell a portion of the renewable, naptha, kerosene and high-grade diesel it has produced, which contain sulfur, to interested third parties.

During the year ended April 30, 2020, the Company's focus was to make continuous strides in furthering the commercialization of its technology. During the commissioning of the plant, Cielo identified some areas in the process that management on the advice of its engineers would improve operations. The main areas were the heating of the process with electrical heat, intended to provide much better control of operating temperatures, while reducing emissions, recovering more of the waste stream and reusing in the process and sterilizing the waste oil Cielo uses to move the waste through the process. Most of these improvements were completed by late December 2019 and on January 4, 2020, Cielo began recommissioning the plant. During the recommissioning, Cielo started production at approximately 50lph and slowly ramped it up to 100lph on a continuous flow.

On March 17, 2020, due to the COVID pandemic, management decided to stop production and temporary layoff the operators. Cielo took advantage of the shutdown to make further improvements to the process. These improvements are designed to increase production from 100lph to 1000lph. Once the 1,000lph is obtained, Cielo hopes to raise the funds to allow the beginning of Phase II, which is the addition of extra equipment to increase the productivity to 2,000 lph

In the three months ended July 31, 2020, as the plan was shut down as a result of the impact of COVID 19, the Company used this time to make major improvements to certain areas of the plant, including adding a mixer inside of the reactor to better transfer the heat and biomass more evenly, the infeed hoppers to handle the smaller feedstock size and new waste recovery process to recover as much of the used motor oil and unspent catalyst as possible.

See the section entitled "Financial Transactions" for highlights for the three-month period ended July 31, 2020, as well as the following:

1) On June 5, 2020, the Company announce the grant of a total of 5,450,000 incentive stock options to directors, officers, employees, and consultants under the Company's stock option plan. The options are exercisable at $0.10 per share, vest immediately and will expire on June 5, 2023. Following this grant of options, the Company has 9,190,000 stock options outstanding.

2) On or about July 3, 2020, the Company obtained at least 66 2/3% approval of the holders of the Royalties to delay the commencement of payment associated with the Royalties for a period of two (2) years until July 3, 2022.

3) On June 5, 2020, the company announced it had granted a total of 5,450,000 incentive stock options to directors, officers, employees, and consultants under the Company's stock option plan. The options are exercisable at $0.10 per share and will vest immediately and will expire on June 5, 2023.

4) On July 30, 2020 the Company announced that the United States Patent and Trademark Office has issued a U. S. Patent to 1888711 Alberta Inc. from whom Cielo holds a worldwide exclusive license to its waste to renewable diesel facility technology.

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

RESULTS OF OPERATIONS

Three Months Ended July 31, 2020 ("July 31, 2020 Interim Financial Statements")

The loss for the three months ended July 31, 2020 ($1,663,433), compared to the same period in 2019 ($1,149,245) was mainly a result of the increased finance charges including a loss on settlement of prepaid interest on convertible debt , as well a charge for share based compensation related to the issuance of share options to certain employees, directors and consultants. In particular, the increase in loss was the combined result of the following operating expenditures: $350,855 interest and accretion expense (2019-$236,166), $193,006 of amortization on deferred finance charges(2019-$30,684), $268,854 for consulting fees (2019-$128,451), $146,242 of share based compensation (2019-$Nil), $143,060 in development expense (2019-$111,426), $188,808 in Loss on settlement of debt (2019-$68,896), $104,339 for office administration expenses (2019 - $81,667),$57,132 of professional fees(2019-$18,708) and $11,032 for trust and filing fees (2019 - $6,561).

Revenue for the three months ended January 31, 2020 was $4,200, compared to $3,000 on July 31, 2020, as the Company has not yet begun earning revenues on a regular basis from ongoing production.

On July 31, 2020, the Company's main assets and liabilities were:

Cash - $122,643 (2019 - $606,034);
Prepaid expenses - $1,465,173 (2019 - $2,078,202);
Due From Affiliated companies $112,231 (2019-$42,519)
Inventory-$152,948 (2019-$208,346)
Property plant and equipment -$15,835,170 (2019-12,748,578)
Right-of-use assets-$147,089(2019-155,915)
Accounts payable and accrued liabilities - $3,585,686 (2019 - $2,486,834);
Due to Shareholder - $1,089 (2019 $1,089)
Short-term loans payable -$28,001 (2019 - $23,906)
Lease Liability-$181,176(2019-207,925)
Long-term loans payable, including convertible debts -$6,696,550 (2019-$6,734,025)
Royalty Payable-$866,431 (2019-$775,759)

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly information. It 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	31-Jul 2020	30-Apr 2020[1]	31-Jan 2020[1]	31-Oct 2019[1]	31-Jul 2019[1]	30-Apr 2019	31-Jan 2019	31-Oct 2018
Operating data:	$	$	$	$	$	$	$	$
Total revenue	4,200	-	-	-	3,000	3,000	NIL	NIL
Operating Expenses	1,474,625	1,285,654	1,722,858	1,640,557	1,080,349	336,063	1,235,968	823,102
Net Earnings (loss)	(1,663,433)	(1,259,424)	(2,105,559)	(1,640,557)	(1,149,245)	(332,591)	(890,080)	(823,656)
Balance sheet data:								
Total assets	18,840,640	17,682,732	16,670,756	16,650,152	15,985,207	11,950,172	10,224,292	9,917,865
Total current liabilities	5,764,026	5,078,614	6,088,060	5,651,749	4,146,503	5,848,668	3,680,158	4,214,243

1-Results adjusted due to adoption of IFRS 16 Leases as of May 1, 2019.

Explanation of Quarterly Variances.

The loss for the three-month period ended July 31, 2020, which was $1,663,433, consisted of $54,660 of advertising and promotion (2019-$158,898), $193,006 of amortization on deferred finance charges (2019-$30,684), $37,142 of amortization of property plant and equipment expenses (2019-$37,142), $268,854 for consulting fees (2019-$128,451), $143,060 in development expense (2019-$111,426), $143,060 in development expense (2019-$111,426), $350,855 interest and accretion expense(2019-$236,166), $55,926 of management fees(2019-$102,229), $104,339 for office administration expenses (2019 - $81,667), $57,132 of professional fees(2019-$18,708), $146,242 of share based compensation (2019-$Nil), $37,671 in salaries and benefits(2019-$121,947), $26,484 of other expense including amortization of right-of-use assets, bank charges, agent fees, and travel.

Revenue for the three months ended July 31, 2020 was $4,200, compared to $3,000 for the 3 months ended July 31, 2020.

The increase in the loss for the three-month period ended January 31, 2020, which was $1,663,433 (2019 – $1,149,245), can be attributed to several factors: 1) the Company incurred $193,006 in charges for amortization on deferred finance charges(2019-$30,684) due to the increased activity in convertible debt financing, which charges include commissions, fair value of warrants and finders' warrants, legal fees, and charges expensed to early conversion of convertible debts to shares; 2) the Company incurred $146,242 for share based compensation due to the issuance of stock options to certain management, employees, directors and consultants; and 3) the Company incurred $188,808 in loss on settlement of debt with shares as a result of charges incurred to expense prepaid interest on conversion of convertible debt to shares.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2020, the Company had $122,643 cash, and working capital deficit of $(3,746,651). The Company is not subject to external working capital requirements.

During the three months ended July 31, 2020, the Company used $455,013 in operating activities mainly due to increased losses due to development expense incurred while preparing production. The Company received $1,374,198 inflow from its financing activities mainly through the proceeds of the Convertible Debenture Unit Offerings (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

During the three months ended July 31, 2020, the Company issued a total of 1648.2 convertible debentures units (the "2020 Convertible Debenture Units") for a total of $1,648,142. The 2020 Convertible Debentures Units each consist of one (1) $1,000 unsecured convertible debenture and 500 share purchase warrants. The Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest 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.

In addition or related to the foregoing, following specific financial transactions occurred in the three-month period ending July 31, 2020. Pursuant to the Convertible Debenture Offerings:

A. On May 1, 2020, the Company issued 3,750,000 common shares as the result of the conversion of convertible debentures of $300,000.

B. On May 12, 2020, the Company announced a total of $228,000 in gross proceeds had been raised from the third tranche offering of the C Convertible Debt Units. Commissions of $12,000 was paid and

240,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 1,465,714 shares and 1,710,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 1,465,715 common shares were issued at a fair value of $51,300 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

C. On May 21, 2020, the Company issued 8,750,000 common shares as the result of the conversion of convertible debentures of $700,000.

D. On May 29, 2020, the Company issued 250,000 common shares as the result of the conversion of convertible debentures of $15,000.

E. On June 1, 2020, the Company announced a total of $218,800 in gross proceeds had been raised from the fourth tranche offering of the C Convertible Debt Units. Commissions of $12,000 was paid and 240,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 1,406,571 shares and 1,641,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 1,406,571 common shares were issued at a fair value of $56,263 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

F. On June 11, 2020, the Company issued 833,333 common shares as the result of the conversion of convertible debentures of $50,000.

G. On June 12, 2020, the Company announced a total of $476,342 in gross proceeds had been raised from the fifth tranche offering of the C Convertible Debt Units. Commissions of $22,000 was paid and 440,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 3,062,199 shares and 3,572,565 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 3,062,200 common shares were issued at a fair value of $122,488 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

H. On June 30, the Company announced a total of $250,000 in gross proceeds had been raised from the sixth tranche offering of the C Convertible Debt Units. Commissions of $20,000 were paid and 400,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 1,607,143 shares and 1,607,143 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 1,607,143 common shares were issued at a fair value of $64,286 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

I. On July 7, 2020, the Company issued 1,250,000 common shares as the result of the conversion of convertible debentures of $100,000.

J. On June 9, 2020, the Company issued 1,875,000 common shares as the result of the conversion of convertible debentures of $150,000.

K. On July 24, 2020, the Company announced a total of $475,000 in gross proceeds had been raised from the seventh tranche offering of the C Convertible Debt Units. Commissions of $32,000 were paid and 640,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 3,562,500 shares and 3,053,570 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 3,053,570 common shares were issued at a fair value of $122,143 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

L. On July 27, 2020, the Company issued 625,000 common shares as the result of the conversion of convertible debentures of $50,000.

The net proceeds of all of the financial transactions above were used as intended and disclosed, without variance.

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.

Management compensation for the executive management/officers and directors during the three-month period ended January 31, 2020 and 2019 are disclosed as below:

3 months ended July 31, 2020

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	CEO & Director	$ -	$ 43,615	$ 53,667	$ 55,926	$ 153,208
Shawn Frenette	CFO	$ 43,543	$ -	$ 2,683	$ -	$ 46,226
Chris Dovbniak	Director	$ -	$ -	$ 13,417	$ -	$ 13,417
Doug Mackenzie	Director	$ -	$ -	$ 13,417	$ -	$ 13,417
Mel Angeltvedt	Director	$ -	$ -	$ 13,417	$ -	$ 13,417
Robin Ray	Director	$ -	$ -	$ 13,417	$ -	$ 13,417
Lionel Robins	Director	$ -	$ -	$ 6,708	$ -	$ 6,708
		$ 43,543	$ 43,615	$ 116,726	$ 55,926	$ 259,810

3 months ended July 31, 2019

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	CEO & Director	$ -	$ 87,231	$ -	$ 64,566	$ 151,797
Shannon Wyzykoski	CFO	$ 27,240	$ -	$ -	$ -	$ 27,240
Chris Dovbniak	Director	$ -	$ -	$ -	$ -	$ -
Doug Mackenzie	Director	$ -	$ -	$ -	$ -	$ -
Mel Angeltvedt	Director	$ -	$ -	$ -	$ -	$ -
Robin Ray	Director	$ -	$ -	$ -	$ -	$ -

Michael Yeung	Officer- VP-Business Development and Capital Markets	$	-	$	32,308	$	-	$	32,283	$	64,591
		$	27,240	$	119,539	$	-	$	96,849	$	243,628

Office expense of $321 (2019 - $951), salaries and benefits of $9,692 (2019 - $15,067), rent expense of $2,803 (2019 - $2,771) and telephone expense of $172 (2019 - $195) were charged back to 1888711 Alberta Inc., a company related by officers and directors. A balance of $112,230 (2019 $42,519) is owed by 1888711 Alberta Ltd. and is included in GST and Other receivable.

Marketing expense of $45,600 (2019-nil) were charged and outstanding to Brand U Agency Inc., a corporation owned and/or controlled in part by a Lionel Robins, a director of the company of which Lionel Robins, a director of the Company, is also a director as well as a shareholder.
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 July 31, 2020 outstanding to the CEO of the Company in the amount of $16,625 (2019 – $30,908). In the year ending April 30, 2020 the Company issued 400 A Convertible Debenture Units (Note 10) and 40 C Convertible Debenture Units (Note 10) in exchange for a total of $440,000 of accounts payable and short term loans owed to this person.

Accounts payable and accrued liabilities balances at July 30, 2020 outstanding to a company owned by the CFO in the amount of $37,921 (2019 - $2,104). In the year ending April 30, 2020, the Company issued 30 A Convertible Debenture Units (Note 10), 15 B Convertible Debenture Units (Note 10) and 70 Convertible Debenture Units (Note 10) in exchange for a total of $115,000 of accounts payable owed to this company.

Also, refer to Notes 9, 12, 13 and 14 for other related party transactions.

OUSTANDING SHARE DATA

As at July 31,2020 , the Company had 271,972,579 common shares, 68,050,206 warrants, 7,100,400 finder/broker warrants, 9,190,000 stock options and 3,250,000 Restricted Share Units issued and outstanding.

33,498,011 share purchase warrants, held by BJK Holdings Ltd., are exercisable at $0.1493 per share subject to further decrease in the case of further dilutive events and expire on November 2, 2022 or within earlier in the event that the indebtedness owing to BJK Holdings Ltd. is prepaid.

12,763,005 share purchase warrants are exercisable at $0.20 and expire between December 17, 2020 and April 18, 2022, subject to acceleration provisions.

3,776,875 share purchase warrants are exercisable at $0.25 and expire between March 27, 2021 and July 24,2024, subject to acceleration provisions.

18,012,315 share purchase warrants are exercisable at $0.07 and expire between May 6, 2023 and July February 28,2024, subject to acceleration provisions.

231,000 of the finder warrants are exercisable at $0.20 per share and expire on December 17, 2020. 2,939,000 finder warrants are exercisable at $0.10 and expire between May 6, 2023 and July 16, 2023.

1,380,000 finder warrants are exercisable at $0.12 and expire between October 31, 2023 and February 28, 2024. The remaining 2,550,400 finder warrants are exercisable at $0.07 and expire between April 17, 2024 and July24, 2024.

3,740,000 options are exercisable at $0.25 per share for a period of three years from the date of grant and vested immediately upon grant.

The remaining 5,450,000 options were granted on June 5, 2020 and are fully vested and exercisable at $.10 per share for a period of three years from the date of grant.

The RSUs were originally scheduled to vest at various times over a period of three years or less from the date of grant up to January 12, 2021, however the terms of the vesting periods were amended such that the RSUs will vest 32% on January 16, 2020, 34% on April 16, 2020 and 34% on January 12, 2021, subject to earlier vesting and/or expiry in connection with the termination of an employment agreement. The vesting of the RSUs on January 16, 2020 were satisfied by the issuance of 1,500,000 common shares.

As of the date of this MD&A, the Company has 301,220,513 common shares, 87,366,583 share purchase warrants, 8,740,400 finder/broker warrants, 4,740,000 stock options and 3,250,000 RSUs issued and outstanding.

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 January 31, 2020 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 nine months ended January 31, 2019.

DIRECTORS AND OFFICERS

Don Allan	Director, CEO, President
Robin Ray	Director
Doug MacKenzie	Director
Chris Dovbniak	Director
Mel Angeltvedt	Director
Lionel Robins	Director
Shawn Frenette	CFO
Stuart McCormick	Vice President, Compliance and Regulatory Affairs

SUBSEQUENT EVENTS

A. On August 25, 2020, the Company announced a total of $50,000 in gross proceeds had been raised from the eighth tranche offering of the C Convertible Debt Units. A total of 321,429 shares and 375,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The Company also announced that it had entered into agreements to issue 5,592,750 common shares as the settlement of an aggregate of approximately $335,565 in indebtedness owed by the Company to service providers and creditors at a per share price of $0.06. The settlement shares were issued on September 23, 2020.

B. Recommissioning of the plant commenced on August 30, 2020.

C. On September 15, 2020, the Company announced a total of $624,000 in gross proceeds had been raised from the ninth and tenth tranches of the offering of the C Convertible Debt Units. Commissions of $31,840 were paid and 345,600 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 3,689,999 shares and 4,680,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The Company also announced that it had entered into agreements to issue 1,530,883 common shares as the settlement of an aggregate of approximately $91,853 in indebtedness owed by the Company to service providers and creditors at a per share price of $0.06. The settlement shares were issued on September 23, 2020.

D. On September 21, 2020, the Company announced that the Canadian Intellectual Property Office had issued a Canadian patent to 1888711 Alberta Inc.

E. On September 23, 2020, the Company issued 1,380,000 common shares as the result of the conversion of convertible debentures of $69,000.

F. On September 24, 2020, the Company issued 3,000,000 common shares as the result of the conversion of convertible debentures of $150,000.

G. On September 28, 2020, the Company announced that a total of $1,619,000 had been raised from final tranches of the offering of the C Convertible Debt Units. Commissions of $123,920 were paid and 974,400 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 10,407,857 shares and 12,142,500 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. $30,000 of the gross proceeds were a settlement of debt owing to a corporation owned and controlled by the CFO. The Company also announced that it had entered into agreements to issue 1,328,667 common shares as the settlement of an aggregate of approximately $79,720 in indebtedness owed by the Company to service providers and creditors at a per share price of $0.06.

ADDITIONAL INFORMATION

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