

## FORM 10

### **NOTICE OF PROPOSED SIGNIFICANT TRANSACTION (not involving an issuance or potential issuance of a listed security)<sup>1</sup>**

Name of Listed Issuer: CIELO WASTE SOLUTIONS CORP. (the "Issuer").

Trading Symbol: CMC

Issued and Outstanding Securities of the Issuer Prior to Transaction: 193,245,171

Date of News Release Fully Disclosing the Transaction: July 30, 2019

#### **1. Transaction**

1. Provide details of the transaction including the date, description and location of assets, if applicable, parties to and type of agreement (eg: sale, option, license, contract for Investor Relations Activities etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

On July 30, 2019, the Issuer announced that it had entered into a Binding Memorandum of Understanding ("MOU") with Renewable U Lethbridge Inc. ("Ren U Lethbridge"), a privately-owned Alberta corporation. The MOU provides the framework for the Issuer to enter into a joint venture agreement ("JV Agreement") with Ren U Lethbridge to build, commission and operate one refinery initially ("JV Refinery"), with a right of first refusal to enter into further agreements for potential follow-on refineries (together with the JV Refinery, collectively "JV Refineries") in Lethbridge, Alberta. Each JV Refinery will utilize the technology ("Technology") to which Cielo holds an exclusive global license that is being employed at its first commercial refinery in Aldersyde, Alberta (the "Aldersyde Refinery"), to convert wood waste into high grade renewable diesel, naphtha and kerosene. Each JV Refinery will be engineered to produce approximately 16 million liters per year of high grade, renewable diesel for which the Issuer's research indicates there is an estimated mandated demand in Canada of approximately 650 million liters a year to be blended into highway grade diesel, most of which currently is imported. Each JV Refinery is projected to cost approximately \$20 million.

The Issuer and Ren U Lethbridge have agreed to negotiate and finalize the terms of the JV Agreement for the initial JV Refinery ("Project") with a target date of September 30, 2019. The parties intend to form an incorporated joint venture, to be owned 50.1% by Cielo and 49.9% by Ren U Lethbridge, unless otherwise agreed.

In consideration for the opportunity to enter into the JV Agreement with Cielo and undertake the Project, Ren U Lethbridge has paid/will pay to the Issuer a \$250,000.00 fee ("Fee") to secure the territory of Lethbridge, Alberta and a 100km radius. In the event the Issuer does not execute the JV Agreement, subject to an exclusion, by September 30, 2019, Cielo has agreed, subject to applicable laws and policies, to issue Ren U Lethbridge common shares of Cielo in lieu of returning the Fee, valued at the greater of: \$0.25 and the average closing price of Cielo's shares during the 5 trading days prior to September 30, 2019.

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

a. Ren U Lethbridge will be solely responsible for financing 100% of the costs associated with acquiring the land, building and commissioning the initial JV Refinery ("Project Costs").

b. The Issuer will manage the Project overall, overseeing the planning, construction, commissioning and operation of the JV Refineries and will receive a management fee for the construction of the JV Refinery equal to 7% of the Project Costs subject to certain exclusions, and will continue to receive management fees once operations begin based on industry standards.

c. Profits will be split 30% in favour of the Issuer and 70% in favour of Ren U Lethbridge, until Ren U Lethbridge has received profits equalling 100% of the Project Costs. Thereafter profits will be split on the basis of 50.1% for the Issuer, 49.9% for Ren U Lethbridge, reflecting the respective interests/ownership of the parties.

2. Provide the following information in relation to the total consideration for the transaction (including details of all cash, non-convertible debt securities or other consideration) and any required work commitments:
- (a) Total aggregate consideration in Canadian dollars: \$250,000 has been/will be paid to the Issuer as a fee plus approximately \$20,000,000 will be paid over time during the life of the Project to a jointly owned subsidiary to be formed for the purposes of building the initial JV Refinery in Lethbridge.

- (b) Cash: See (a) above.
  - (c) Other: N/A
  - (d) Work commitments: N/A (the Issuer's contribution to the Project would be labour, expertise, etc.)
3. State how the purchase or sale price and the terms of any agreement were determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc). MOU: Arm's length negotiation.
  4. Provide details of any appraisal or valuation of the subject of the transaction known to management of the Issuer: N/A
  5. If the transaction is an acquisition, details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: N/A .
  6. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the transaction (including warrants, options, etc.):
    - (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the transaction (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): N/A .
    - (b) Cash N/A .
    - (c) Other N/A .
  7. State whether the vendor, sales agent, broker or other person receiving compensation in connection with the transaction is a Related Person or has any other relationship with the Issuer and provide details of the relationship. N/A .
  8. If applicable, indicate whether the transaction is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. N/A .

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SIGNIFICANT TRANSACTION**

## 2. Development

Provide details of the development. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: As the Issuer has progressed through commissioning of the Aldersyde Refinery, the Issuer has garnered interest from multiple arm's length third parties to form joint ventures and other like arrangements. Management had intended since its change of business in 2014 to incorporate such arrangements into its business model and has begun to enter into such arrangements. Cielo understands that Ren U Lethbridge has/will have access to financial resources as well as connection to the territory of Lethbridge, Alberta, expanding the Issuer's reach in its home province of Alberta.

### 3. 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. To the knowledge of the Issuer, at the time an agreement in principle was reached, no party to the transaction had knowledge of any undisclosed material information relating to the Issuer, other than in relation to the transaction.
3. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
4. The undersigned hereby certifies to the Exchange 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 Exchange Requirements (as defined in CNSX Policy 1).
5. All of the information in this Form 10 Notice of Proposed Significant Transaction is true.

Dated: August 9, 2019

Don Allan

Name of Director or Senior  
Officer

"Don Allan"

Signature

President and CEO

Official Capacity