

FORM 51-102F3
Material Change Report

1. Name and Address of Company

Cielo Waste Solutions Corp. (the “**Issuer**” or “**Cielo**”)
700-838 West Hastings St.,
Vancouver, British Columbia V6C 0A6

2 Date of Material Change

February 17, 2017

3. News Release

A news release was issued and disseminated on February 17, 2017 and filed on SEDAR and the Canadian Securities Exchange. A copy of the news release is attached as Schedule “A” hereto.

4. Summary of Material Change

A news release was issued and disseminated on February 17, 2017 and filed on SEDAR and the Canadian Securities Exchange. A copy of the news release is attached as Schedule “A” hereto.

5. Full Description of Material Change

A news release was issued and disseminated on February 17, 2017 and filed on SEDAR and the Canadian Securities Exchange. A copy of the news release is attached as Schedule “A” hereto.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”):

a) a description of the transaction and its material terms:

The Company announced a non-brokered private placement offering (the “Offering”) of up to CAD \$1,000,000 in secured convertible debentures (the “Convertible Debentures”) on April 28th, 2016, following by the announcement of the first closing on June 30, 2016 .

The Debentures bear an interest rate of 15% per annum, mature 36 months from the date of issuance and are convertible at the option of the debenture holder at any time before maturity at an exercise price of \$0.10 per common share.

Cielo announced that it has received CAD \$110,000 from this second tranche.

Cielo also announced that it has entered into an Asset Purchase Agreement with XR Resources Inc. (“XR”). 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 "Assets"). In consideration for the Assets, Cielo has agreed to pay to XR 2,036,364 free-trading common shares of Cielo (the "Payment Shares"), which it will receive as loaned securities from Don Allan, President and CEO. Mr. Allan will enter into a securities lending agreement (the "Share Loan Agreement") with Cielo, whereby Mr. Allan will lend the Payment Shares to Cielo, which will in turn be paid to XR, and Cielo will immediately issue 2,036,364 common shares (the "Repayment Shares") to Mr. Allan, which will be subject to a four-month hold period. The Payment Shares and the Repayment Shares will have a deemed value of \$0.055 per shares, for an aggregate value of \$112,000.02 being paid for the Assets by Cielo.

b) the purpose and business reasons for the transaction:

The proceeds of the Offering (the "Proceeds") will be used toward the further development of the renewable diesel technology as well as to purchase an idle bio-diesel plant in Aldersyde, Alberta, for the propose of constructing the first commercial renewable diesel refinery, as well as for general expenses.

The Assets will be used for the building and operation of the refineries to be constructed by Cielo.

c) the anticipated effect of the transaction on the issuer's business and affairs:

See #5(b) above. The purchase of this plant will allow for the Company to take a significant step forward in building its first commercial refinery and beginning to earn revenues.

d) a description of:

i. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Douglas Allan, an insider resulting from holding 10% or greater of the issued and outstanding shares of the Company, acquired \$100,000 in Convertible Debentures.

ii. the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

As a result of the issuance of the Debentures, Douglas Allan will beneficially own, directly or indirectly, or exercise

control or direction of 10,075,189 common shares, representing 10.1%, of the Company, and Convertible Debentures, convertible into an additional 1,000,000 common shares of the Company, representing, on a diluted basis, 11% of the issued and outstanding shares of the Company.

- e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors of the Company authorized the Offering on or about April 28, 2016.

A resolution of the board of directors of the Company authorized the Asset Purchase Agreement on or about February 17, 2017.

- f) A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

- i. that has been made in the 24 months before the date of the material change report:**

Not applicable.

- ii. the existence of which is known, after reasonable enquiry to the issuer or to any director or officer of the issuer:**

Not applicable.

- g) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Not applicable.

- h) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The issuance of the Shares constitutes a “related party transaction” for the Company under MI 61-101. No formal valuation on the part of the

Company is required under MI 61-101 in respect of the issuance of the Shares to insiders of the Company. The Company is relying on the exemptions from the formal valuation and minority approval requirements under MI 61-101. The Company is exempt from the formal valuation requirement of MI 61-101 based on sections 5.5(a) and (b) of MI 61-101 as the value of this transaction does not exceed more than 25% of the market capitalization of the Company and no securities of the Company are listed or quoted for trading on the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ stock market or any other stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the Plus operated by Plus Markets Group plc. Additionally, the Company is exempt from obtaining minority shareholder approval in connection with the issuance of the Shares by relying on section 5.7(1)(a) and (b) of MI 61-101 as, in addition to the foregoing, (i) neither the fair market value of the Units nor the consideration received in respect thereof from “interested parties” as defined by MI 61-101 would exceed \$2,500,000 or 25% of the Company, (ii) the Company has one or more independent directors in respect of the issuance of the Convertible Debentures who are not employees of the Company, and (iii) all of the independent directors have approved the issuance of the Convertible Debentures.

As this material change report is being filed less than 21 days before the issuance of the Shares, there is a requirement under MI 61-101 to explain why the shorter period was reasonable or necessary in the circumstances. In the view of the Company, such shorter period was reasonable and necessary in the circumstances as the Company was not aware of the participation of Douglas Allan at such time.

6. Disclosure for Restructuring Transactions:

Not applicable.

7. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

8. Omitted Information

No significant facts remain confidential in, and no information has been omitted from, this report.

9. Executive Officer

Don Allan, President and CEO
T: 403.348-2972 Ext. 222

10. Date of Report

February 17, 2017

SCHEDULE "A"

NEWS RELEASE

Cielo Closes Second Tranche of Convertible Debenture Offering and Entry into Asset Purchase Agreement

Vancouver, British Columbia, Canada / February 17, 2017 / CSE:CMC: Cielo Waste Solutions Corp. ("Cielo" or the "Company") is pleased to announce the closing of the second tranche of its non-brokered private placement offering (the "Offering") of up to CAD \$1,000,000 in secured convertible debentures (the "Convertible Debentures"), as initially announced on April 28th, 2016, following by the announcement of the first closing on June 30, 2016 . Cielo is happy to announce that it has received CAD \$110,000 from this second tranche.

The Debentures bear an interest rate of 15% per annum, mature 36 months from the date of issuance and are convertible at the option of the debenture holder at any time before maturity at an exercise price of \$0.10 per common share.

The proceeds of the Offering (the "Proceeds") will be used toward the further development of the renewable diesel technology as well as to purchase an idle bio-diesel plant in Aldersyde, Alberta, for the propose of constructing the first commercial renewable diesel refinery, as well as for general expenses.

Securities issued in connection with the Offering will be subject to a statutory four month hold period.

While management of Cielo had hoped that this Offering would be closed by May 31, 2016, Cielo has decided to extend the closing date to March 31, 2017. Cielo is anticipating an additional \$500,000 to be subscribed to the Offering for the closing of the next tranche, expected to occur in the near future.

Cielo is also pleased to announce that it has entered into an Asset Purchase Agreement with XR Resources Inc. ("XR"). 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 "Assets"). In consideration for the Assets, Cielo has agreed to pay to XR 2,036,364 free-trading common shares of Cielo (the "Payment Shares"), which it will receive as loaned securities from Don Allan, President and CEO. Mr. Allan will enter into a securities lending agreement (the "Share Loan Agreement") with Cielo, whereby Mr. Allan will lend the Payment Shares to Cielo, which will in turn be paid to XR, and Cielo will immediately issue 2,036,364 common shares (the "Repayment Shares") to Mr. Allan, which will be subject to a four-month hold period. The Payment Shares and the Repayment Shares will have a deemed value of \$0.055 per shares, for an aggregate value of \$112,000.02 being paid for the Assets by Cielo.

As required by National Instrument 62-103 The Early Warning System and Related Take Over Bids and Insider Reporting Issues in connection with the filing of an early warning report (the "Early Warning Report") regarding the acquisition of securities of Cielo by Douglas Allan (the "Offeror").

The Offeror announces that the Offeror has acquired \$100,000 of the Convertible Debentures under the Offering. Together with the 10,075,189 common shares owned by the Offeror (the "Shares"), the Offeror beneficially owns and controls securities of Cielo representing 10.1% of the issued and outstanding shares of Cielo on a non-diluted basis and 11% on a diluted basis.

The Debentures (and Shares) were acquired for investment purposes. The Offeror may, depending on market and other conditions, increase or change its beneficial ownership over the common shares or other securities of Cielo through market transactions, private agreements, treasury issuances, exercise of convertible securities or otherwise. The transactions described in this news release constitute "related party transactions" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions ("MI 61-101"). For these transactions Cielo relied on the exemption from the formal valuation requirements of MI 61-101 contained in section 5.5(a) and (b) of MI 61-101 on the basis that the fair market value of the transaction not being more than Twenty-Five Percent (25%) of the market capitalization of Cielo and no securities of Cielo are listed on a specified market set out in such section, and Cielo relied on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(a) and 5.7(1)(b) of MI 61-101 on the basis of the fair market value of the transaction not being more than Twenty-Five Percent (25%) of the market capitalization of Cielo and \$2,500,000.

Cielo did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, as Cielo was not aware of the Offeror's participation in the Offering at such time.

A copy of the Early Warning Report filed under applicable securities laws is available under Cielo's profile on SEDAR (www.sedar.com).

About Cielo Waste Solutions Corp.:

Cielo specializes in environmentally advanced technologies focused on materials recovery, renewable diesel and landfill reduction through responsible diversion practices. By incorporating the latest material recovery technologies, Cielo is able to achieve significant diversion from landfills while creating a feedstock specifically for renewable diesel. Cielo provides solutions for responsible waste management while also providing value added opportunities.

For more information on Cielo, please contact

Don Allan, President, at (403) 348-2972 ext 222, or visit Cielo's website at www.cielows.com

Further information regarding Cielo can be found on SEDAR at www.SEDAR.com or by visiting our profile on www.CSE.ca.

On Behalf of the Board of Directors

"Don Allan"

Chief Executive Officer

Tel: 403.348-2972 Ext. 222

Email: donallan@cielows.com

Certain statements contained in this release may constitute "forward-looking statements" or "forward-looking information" (collectively "forward-looking information") as those terms are used in the Private Securities Litigation Reform Act of 1995 and similar Canadian laws. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "anticipates" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, this release contains forward-looking information relating to the business of the Company, the Property, financing and certain corporate changes. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

These securities have not and will not be registered under United States federal or state securities laws and may not be offered or sold in the United States or to a U.S. Person unless so registered, or an exemption from registration is relied upon. This news release does not constitute an offer of securities for sale in the United States.

CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.