CIELO WASTE SOLUTIONS CORP.

(Formerly Cielo Gold Corp.)

Interim Financial Statements

January 31, 2017

(Expressed in Canadian dollars)

TO THE SHAREHOLDERS OF CIELO WASTE SOLUTIONS CORP.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(2)(d)(i) and International Accounting Standards (IAS) 34, the Company discloses the interim financial statements for the period ended January 31, 2017 were prepared by management and were not reviewed by Cielo's independent auditors.

Don Allan Chief Executive Officer	Shannon Wyzykoski Chief Financial Officer

Dated April 3, 2017	Prepared by Management

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp)

Statements of financial position

(Expressed in Canadian Dollars)

	Note	January 31, 2017	April 30, 2016
		$	$
Assets			
Current Assets			
Cash	4	39,402	7,800
GST and Other receivable		4,066	10,629
Prepaid expenses		5,633	5,633
Deposit on Facility		300,000	-
Total Current Assets		349,101	24,062
Non Current Assets			
Property, plant and equipment	5	730,623	-
Intellectual property assets	6	1	1
Total Non Current Assets		730,624	1
Total Assets		1,079,725	24,063
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable	14	283,374	283,738
Accrued liabilities		137,010	137,010
Short-term loans payable	8&14	1,976,322	1,027,845
		2,396,706	1,448,593
Long Term Liabilities			
Long term loans payable	8	-	75,367
Convertible Debentures	9	247,457	234,306
		2,644,163	1,758,266
Shareholders' Equity			
Share capital	10	7,202,950	6,776,950
Shares subscribed but not issued	10		32,000
Contributed surplus	11&12	785,803	785,803
Deficit		(9,553,191)	(9,328,956)
Total Equity		(1,564,438)	(1,734,203)
Total Liabilities and Equity		1,079,725	24,603

(See accompanying notes to financial statements

Nature and continuance operation and basic of presentation (Note 1 and 2)

Subsequent events (Note 17)

Approved and authorized for issue by Management on April 3, 2017

"Don Allan "

Chief Executive Officer

"Shannon Wyzykoski"

Chief Financial Officer

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)

Statements of comprehensive Loss

(Expressed in Canadian Dollars)

	Three Months Ended January 2017		Nine Months Ended January 2017	
	2017	**2016**	**2017**	**2016**
Expense	$	$	$	$
Amortization	11,664	-	11,664	-
Consulting	2,400	60,000	2,400	60,550
Office and admin	31,522	16,539	82,025	71,810
Professional fees	8,287	16,761	108,431	414,521
Trust and filing fees	8,264	12,210	19,715	28,630
Net Loss	(62,137)	(105,510)	(224,235)	(575,511)
Net loss and comprehensive loss for the period	(62,137)	(105,510)	(224,235)	(575,511)
Loss per share, basic and diluted	(0.001)	(0.001)	(0.002)	(0.01)
Weighted average number of outstanding common shares	95,371,446	91,849,224	95,371,446	91,849,224

See accompanying notes to financial statements

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)
Statements of changes in equity
(Expressed in Canadian Dollars except for number of shares)

	Number of shares	Share Capital	Shares Subscribed	Contributed Surplus Options and Warrants	Other	Deficit	Total shareholders' equity
		$		$		$	$
Balance April 30, 2015	49,143,079	5,027,699	-	712,011	65,455	(9,137,211)	(3,332,076)
Shares issued for private placements (Note 10)	33,000	2,640	-	2,310	-		4,950
Shares issued for debt conversion	398,333	3,983	-	-	-		3,983
Shares issued for debt conversion	4,794,580	119,865	-	-	-		119,865
Shares issued for debt conversion	12,430,880	621,544	-	-	-		621,544
Shares issued for debt conversion	25,049,352	1,001,974	-	-	-		1,001,974
Shares to be issued for debt settlements	-	-	32,000	-	-		32,000
Equity portion of convertible debts issued (Note 9)	-	-	-	-	6,027		6,027
Share issuance costs (Note 10)	-	(725)	-	-	-		(725)
Net loss for the year						(191,745)	(191,745)
Balance April 30, 2016	91,849,224	6,776,950	32,000	714,321	71,482	(9,328,956)	(1,734,203)
Balance April 30, 2016	91,849,224	6,776,950	32,000	714,321	71,482	(9,328,956)	(1,734,203)
Shares issued for debt conversion	1,550,000	77,500	(32,000)				45,500
Shares issued for debt conversion	140,000	7,000					7,000
Shares Issued for debt conversion	830,000	41,500	-	-	-	-	41,500
Shares Issued in trust for deposit on facility	5,000,000	300,000					300,000
Net Loss for the Period						(224,235)	(224,235)
Balance January 31, 2017	99,369,224	7,202,950	-	714,321	71,482	(9,553,191)	(1,564,438)

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)

Statement of Cash Flows

(Expressed in Canadian Dollars)

	Nine months ended January 31, 2017	2016
	$	$
Cash (used in) provided by:		
Operating activities		
Loss for the period	(224,235)	(575,511)
Adjustments for:		
Amortization	11,664	-
	(212,571)	(575,511)
Changes in non-cash operating working capital		
Other receivable	6,562	14,072
Deposit on Facility	(300,000)	-
Accounts payable and accrued liabilities	(363)	10,362
Cash used in operating activities	(506,372)	(551,077)
Financing activities		
Short Term Loans	948,477	-
Long Term Loans	(75,367)	-
Increase (decrease) in note payable	-	(1,629,326)
Convertible Debt	13,151	(37,500)
Share issuance for cash	-	9,227
Shares issuance for debt	94,000	2,178,440
Share issuance for deposit on facility	300,000	-
Purchase property plant and equipment	(742,287)	(1,199)
Cash provided by financing activities	537,974	519,642
Investing activities		
Cash provided by investing activities	--	-
Increase (decrease) in cash	31,602	(31,435)
Cash, beginning of period	7,800	32,399
Cash, end of period	39,402	964
Non-cash activities:		
Shares issued for technology	5,000,000	-
Shares issued for debt settlement	2,520,000	-

See accompanying notes to consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Cielo Gold 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”). and changed its name to Cielo Waste Solutions Corp. on August 12, 2013 to more clearly identify its focus on renewable diesel and waste solutions. 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 National Stock Exchange (“CNSX”) under the Symbol CMC. The principal and registered office of the Company was located at 700-838 West Hastings St., B.C. V6C 0A6 as at January 31, 2017, however the Company’s address as at the date of these financial statements is 101 – 1500 Howe Street, Vancouver BC V6Z 2N1.

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 has turned to the refining of municipal and construction waste into a renewable diesel fuel.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At January 31, 2017, the Company had not yet achieved profitable operations, had accumulated losses of $9,553,191 since its inception, and had a working capital deficit of ($1,455,589), which may not be sufficient to sustain operations over the foreseeable future. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern. A number of alternatives including but not limited to obtain bridging loans from directors and/or shareholders or completing a financing are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. On April 28, 2016 Cielo announced a non-brokered private placement offering of up to CAD $1,000,000 in secured convertible debentures (the “1mm Offering”), with a minimum subscription of $10,000 per subscriber, each debenture maturing three (3) years from the date of issuance, carrying an interest rate of 15% per annum, and convertible at the option of the holder at a price of $0.10 per common share of Cielo. On June 30, 2016 Cielo announced the closing of the first tranche of $20,000 towards this non-brokered private placement. On November 29, 2016 the Company announced a non-brokered private placement offering of up to CAD $7,000,000 (the “Loan Amount”) in debentures (the “7mm Offering”). The Debentures bear an interest rate of 12% per annum and mature in 36 months from the date of issuance. Each subscribed dollar will also result in the issuance of one full warrant, for an aggregate issuance of up to 7,000,000 warrants, each Warrant allowing the holder to purchase a common share at $0.25 per share within 24 months, unless the stock trades above $0.50 for 5 consecutive days, in which event the Company will be entitled to provide 30 day’ notice, after which the Warrants will expire if not exercised. Pursuant to the 7mm Offering, the Company will also be issuing to the debenture holders (the “Debenture Holders”) a participation interest to receive an aggregate of up to 33.33% of the profits (the “Aggregate Participation Percentage”) from the first commercial refinery built by the Company (the “New Refinery”) for the life of the New Refinery. In the event Cielo repays in full the Loan Amount plus outstanding interest to the Debenture Holders within 24 months, the Aggregate Participation Percentage will be reduced to 20% of the profits from the New Refinery for the life of the New Refinery. The Debentures will be secured by General Security Agreements, subject to $770,000 and up to $1,500,000 in prior security interests. The proceeds of the Offerings will be used in part for the purchase of the Property and the Refinery in High River, Alberta, as announced on November 16th, 2016, and for the further development of the renewable

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

diesel technology as well as to construct the New Refinery in High River, Alberta, including permits and applications and ordering long lead times that will be used in this construction, as well as for general expenses and commissions related to the offerings. The 1mm Offering was completed on March 31, 2017 and, as announced on March 20, 2017, the 7mm Offering has been suspended during negotiations with one or more third parties related to a separate, arm's length financing opportunity. The Company's continuing 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.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC").

(b) Basis of preparation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements.

Present value of long-term liabilities

In assessing the fair value of long-term liabilities without interest or interest rate below market or with conversion features using effective interest rate method, management has to exercise judgment to determine the effective interest rate based on market and risk.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Share-based payments

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the expected volatility of its own shares, the expected life of stock options granted, the estimated number of stock options expected to vest and the expected time of exercise of those stock options. The model used by the Company is the Black-Scholes option pricing valuation model.

Acquisition of intellectual property

In accounting for the acquisition of the intellectual property, the management makes judgements as to whether the intellectual property has already achieved its technological readiness to be characterized as an input for the purpose of classifying the transaction as an acquisition of assets.

Impairment of intellectual property

Upon identifying existence of an impairment indicator, the management makes judgements as to whether an impairment has taken place and also makes estimates as to the assets' recoverable amount.

b) Cash equivalents

Cash equivalents are comprised of all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at January 31, 2017 and 2016, there were no cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Construction in Progress	- 0% no amortization until completion
Equipment	- 10% declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

d) Shared-based payments

Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

e) Deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

g) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses

h) Earnings (loss) per share

Basic earnings (loss) per share are computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted losses per share are the same for the periods presented.

i) Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss (“FVTPL”), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Other receivable	Loan and receivable
Accounts payable & accrued liabilities	Other liabilities
Short-term and long-term loans payable	Other liabilities
Convertible debentures	Other liabilities

A financial asset and a financial liability should be offset and the net amount reported when, and only when, the Company has a legally enforceable right to set off the amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Convertible debentures

Convertible debentures with both a liability and an equity component from the Company's perspective are accounted for and presented separately according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised. A financial liability represents the Company's contractual obligation to pay cash, and the other is an equity instrument, represents the holder's option to convert into common shares. When the initial carrying amount of a compound financial instrument is required to be allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Interest, dividends, gains, and losses relating to an instrument classified as a liability should be reported in profit or loss. On the other hand, those relating to holders of a financial instrument classified as equity should be charged directly against equity, not against earnings.

Transaction costs of an equity transaction are deducted from equity. Transaction costs related to an issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

k) Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii)Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

l) Intangible assets

Intangible assets are amortized over the estimated useful life of each asset unless the life is determined to be indefinite. An intangible asset with an indefinite life is not amortized but will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized when the carrying value of intangible asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

m) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

n) Research and development expenditures

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria are met: i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, ii) its intention to complete the intangible asset and use or sell it, iii) its ability to use or sell the intangible asset, iv) how the intangible asset will generate probable future economic benefits, v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development;
otherwise they are expensed as incurred. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

o) Changes in accounting policies and recent accounting pronouncements

The following standard has been issued but is not yet effective:

(i) Financial instruments

The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its financial statements based on the characteristics of its financial instruments at the time of adoption. The Company is currently evaluating the impact of the standard on its financial performance and financial statements disclosures but expects that such impact will not be material.

The Company has adopted the following new accounting standards effective May 1, 2014. These changes were in made in accordance with the applicable transitional provisions and had no impact on the financial statements.

(ii) Levies

The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

(iii) Impairment of assets

The IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

4. CASH

	January 31, 2017	April 30, 2016
Cash	39,402	7,800
	39,402	7,800

5. PROPERTY, PLANT AND EQUIPMENT

	January 31, 2017			April 30, 2016		
	Cost	Accumulated Amortization	Total	Cost	Accumulated Amortization	Total
Construction in Progress	42,419	-	42,419	-	-	-
Equipment	699,868	11,664	688,204	-	-	-
	741,287	11,664	730,623	-	-	-

6. INTELLECTUAL PROPERTY ASSETS

On January 17, 2013, the Company entered into an interim agreement ("BHBD Interim Agreement") with Blue Horizon Bio-Diesel Inc. ("BHBD"), whereby Cielo intended to purchase certain assets in respect of BHBD's renewable-diesel processing and refinery assets (the "BHBD Assets"). The purchase price was $4,250,000 plus the assumption of certain liabilities in respect of the BHBD Assets. On June 4, 2013 Cielo

6. INTELLECTUAL PROPERTY ASSETS (Continued)

amended the BHBD Interim Agreement and announced that, pursuant to the Initial Agreement, it would acquire such assets from BHBD for $4.5 million CAD. At the time of entry into the BHBD Interim Agreement, neither party had any directors or officers in common nor was the transaction arm's length.

July 18, 2014 the Company announced the execution of the asset purchase agreement (the "Agreement") relating to the previously announced proposed acquisition of intellectual property assets from Blue Horizon Bio-Diesel Inc. ("BHBD"). The purchase agreement allowed the Company to acquire the assets, mainly the right, title and interest in and to the intellectual property in the new technology (the "Assets") for use in its business. The intellectual property included engineering reports, laboratory results, technology studies, business plans, financials projections, contacts and certain working documents accumulated over the life of BHBD. The final agreed purchase price was $5.25 million and the total cost of the acquisition was to be paid for through the issuance of a total of 21 million common shares at deemed valued of $0.25 per share and the assumption of some liabilities of BHBD associated with the Assets. A total of three instalments of 3 million shares were already transferred to BHBD pursuant to the initial interim agreements at total fair value of $620,000. The remaining 18 million shares were issued through a onetime stock issuance on July 18, 2014. On this date, the fair value of the shares was $0.17 per share, reducing the total fair value of shares issued for the acquisition to be at $3,680,000. Pursuant to the Agreement, the Company has also assumed certain liabilities of BHBD equal to $1,500,933.30. The purchase price was increased as a result of the inclusion of the Alberta Bio-Diesel Producer Credit Program (BPCP), which was not included in the initial assessment.

At the time of the amendment of the BHBD Interim Agreement, Mr. Don Allan, Mr. Robin Ray, and Mr. Doug Lewis were all directors of both parties to the transaction, with Mr. Don Allan also being President and CEO of both parties and Mr. Robin Ray being CFO of both parties. At the time of entry into the Agreement, Mr. Doug Lewis had resigned from the board of directors of BHI (BHBD's parent corporation) but Mr. Don Allan and Mr. Robin Ray continued to hold their positions in both companies that were party to the Agreement, noting that the terms of the Agreement were substantially determined during the first Interim Agreement.

The following items were considered on determining a purchase price for the acquisition of the intellectual property:

1. Based on management's evaluation at the time of the acquisition, the technology was very unique but required significantly more development in order to be ready for building and commercial production; and thus the input characteristic is still not well defined.
2. No other assets, employees, etc. were acquired so this would need to be facilitated and funded by Cielo.
3. The purchase price was paid in shares rather than in cash. Taking all of the above into consideration, it is concluded that fair value of total shares issued in the amount of $3,680,000 plus assumption of $1,500,933 in related liabilities for total of $5,180,933 was the fair market value for the assets being acquired. Taking into consideration the fact that the technology is still not fully developed which requires significantly more development work and the input is not yet identifiable, this acquisition was considered as an asset acquisition.

(Expressed in Canadian dollars)

6. INTELLECTUAL PROPERTY ASSETS (Continued)

These assets are fair valued based on fair value of shares issued plus the amount of debts assumed.

Fair value of 21 million shares issued	$ 3,680,000
Assumption of non-related party debt, not related to other businesses of BHBD	1,075,370
Assumption of related party debt – Don Allan	425,562
Impairment of asset	(5,180,932)
	$ 1

The Company has reassessed the impairment indicator existed as of April 30, 2016 and concluded that, due to the assets being in an idle stage awaiting for further development, the intellectual property has been impaired as of April 30, 2016 and the value should have been written down to $1.00. The impairment evaluation as at January 31, 2017 remains as effective.

7. EXPLORATION AND EVALUATION ASSETS

As at April 30, 2013, management determined that the Gold Hill Midge Property is fully impaired. As a result, the Company wrote down this property and recorded an impairment charge of $18,885 for the year ended April 30, 2013. On November 14, 2013 Cielo elected to let the Midge Property mineral tenure expired and on March 27, 2014 Cielo elected to let the Mineral lease adjacent to the Midge tenure expired. As at January 31, 2017, the Company's impairment evaluation on the Gold Hill Midge Property remains as effective. The Company completed a fundamental change of business, as announced on April 15, 2014, and the Company does not operate or seek to operating as a mining company.

8. LOANS PAYABLE

The balance of short-term loans payable as at January 31, 2017 is comprised of the following:

$1,976,322 in loans from third parties (2016 - $224,360), of which $770,000 had a General Security Agreement as at January 31, 2017, due on demand to five years, with interest at 0% to 18% per annum. A total of $Nil (2016 - $NIL) in interest on these loans has been accrued as at January 31, 2017. Interest will be calculated and accrued at April 30, 2017.

$1073,802 in loans from related parties as below:

	Jan 31, 2017	**Jan 31, 2016**
Blue Horizon Industries (BHI)	$109,055	$112,055
Doug Allan, related to Don Allan	152,000	52,000
Blue Horizon Bio-Diesel (BHBD)	-	-
Blue Horizon Energy (BHE)	114,912	93,383
1888711 Alberta Inc.	196,543	176,905
Don Allan	401,292	391,520
Don Allan – Note payable matures, due on demand, at annual interest of 5% starting from May 1, 2016	100,000	100,000
	$1073,802	$925,863

8. LOANS PAYABLE (Continued)

These loans are unsecured; non-interest bearing and due on demand except for the $100,000 loan which is 5% interest bearing. In addition to the loans originally assumed as part of the acquisition cost of the intellectual property, which is for Don Allan of $501,292, the loan above was incurred as result from these companies charging to the Company its share of operating expenses and funding the Company's operation after the acquisition of the intellectual property (See Note 13).

These short-term loans were presented at their carrying amount because they are due on demand and their amortized costs are not measurable without fixed terms. The short-term loan presented at its carrying amount because it is due within the next twelve months and the fair value is approximately the principle with the interest payable amount.

The balance of long-term loans payable as at January 31, 2017 is comprised of the following:

$Nil in loans from third parties (2016 - $75,367). This loan is unsecured, 5% interest bearing, with a maturity date on November 1, 2017. The balance of this loan is recorded in short-term loans as the amount is due within 12 months.

There are no new long-term loan payables in 2017; previous new loans in 2016 were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 14.85% per annum (2016 – 14.85% per annum). The debt discount of $19,333 was credited to contributed surplus, debited to loans payable and being amortized over the term of the loans.

During the nine months ending January 31, 2017, the Company has not accrued any interest and accretion expenses; this will be calculated at April 30, 2017 (2016 - $Nil) in connection with the long-term loans.

9. CONVERTIBLE DEBT

During 2015, the Company announced a concurrent non-brokered private placement offering of up to CAD $250,000 in secured convertible debenture, with a minimum subscription of $25,000 per subscriber. The Convertible Debentures will mature two (2) years from the date of issuance, carry an interest rate of 12.5% per annum, and be convertible at the option of the holder at a price of $0.10 per common share of Cielo. Upon initial closing date, April 8, 2015, the Company issued $100,000. The amortized cost of the long-term liability component was accounted for using the effective interest rate method at 14.85% per annum. The equity component was assigned the residual amount of $3,828 after deducting the financing cost of $11,025 and was allocated to the liability component only as the allocation to the equity component was immaterial.

During the year-ended April 30, 2016, the Company closed a second and third tranche and issued a total of $150,000 of convertible debentures under the same terms as tranche one. The amortized cost of the long-term liability component was accounted for using the effective interest rate method at 14.85% per annum. The equity component was assigned the residual amount of $6,027 after deducting the financing cost of $6,935 and was allocated to the liability component only as the allocation to the equity component was immaterial.

9. CONVERTIBLE DEBT (continued)

Accretion expenses on above convertible debentures of $Nil was charged to the operation during the nine month period ended January 31, 2017. This will be calculated at year ended April 30, 2017 (2015 - $Nil).

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. On June 30, 2016 Cielo announced the closing of the first tranche of $20,000 towards the April 28, 2016 non-brokered private placement. These convertible debentures are secured by General Security Agreements.

The above convertible debentures are secured by general security agreements (the "GSAs"). The GSAs will provide for a second ranking charge over all assets of the Company behind the Short term loan with $500,000 security for a demonstration plant and $250,000 for the convertible debentures issued in the year ended April 30, 2016.

10. SHARE CAPITAL

a. Authorized: unlimited number of common shares without par value
unlimited Class B preferred shares without par value (none issued and outstanding)

b. Issued and Outstanding:

As at the end of the period ending January 31, 2017, the Company had 99,369,224 common shares issued and outstanding. As at the end of the year ending April 30, 2016, there were 91,849,224 common shares issued and outstanding.

(i) Nil share purchase warrants or stock options were exercised during the three month period ending January 31, 2017.
(ii) 5,000,000 shares are in held in trust by the company for the purpose of completing the Commercial Purchase Agreement with XR Resources Inc. (Note 16).

11. WARRANTS

215,966 share purchase warrants were issued and outstanding as at January 31, 2017 and 9,227 broker warrants expired in the quarter ending January 31, 2017, on August 28, 2016 (2015 – 1,223,354). Each warrant entitles the holder to purchase one common share for a period of twenty-four (24) months at a price of $0.25 per common share. Warrants issued as part of private placement units were valued using the residual value method and deemed to have fair value at $Nil upon issuance. The remaining share purchase warrants are to expire on July 16, 2017. As at the date of these financial statements, the Company has 215,966 share purchase warrants outstanding.

Warrants issued as private placement units during the year ending April 30, 2016 were valued using the residual value method of $2,310.

(Expressed in Canadian dollars)

12. STOCK OPTIONS

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares of the Company at the time of approval of the Option Plan. The shareholders of the Company approved an amendment to the Stock Option Plan at the Annual and Special Meeting of the shareholders on October 27, 2016, authorizing 18,687,884 options to be granted at the discretion of the board of directors of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On November 7, 2016 the Company announced that it had granted a total of 5,500,000 incentive stock options to directors/officers/employees and/or consultants under the Company's stock option plan, which was approved at the Company's Annual General and Special Meeting of the shareholders held on October 27, 2016. The options are exercisable at $0.10 per share and will expire on November 7, 2019.

Following this grant of options, the Company has 5,780,000 stock options outstanding. No other options had been granted as of January 31, 2017.

On April 17, 2014, the Company granted incentive stock options to an investor relation consultant to purchase up to an aggregate total 280,000 common shares at a price of $0.25 per share. The options shall be vested at the rate of 25% per quarter with the earned dates being July 17, 2014 / October 17, 2014 / January 17, 2015 / April 17, 2015 and expire on April 17, 2017.

Continuity of the Company's option is as follows:

	Number	Weighted average exercise price
Balance, April 30, 2013	4,191,674	$ 0.30
Issuance	280,000	0.25
Expired/cancelled	4,191,674	0.30
Balance, April 30, 2014	280,000*	0.25
Balance, April 30, 2015	280,000**	$ 0.25
Balance, April 30, 2016	280,000***	$ 0.25
Issuance, November 7, 2017	5,500,000*****	$ 0.10
Balance, January 31, 2017	5,780,000****	$ 0.11

* Options exercisable as at April 30, 2014 – Nil
** Options exercisable as at April 30, 2015 – 280,000
*** Options exercisable as at April 30, 2016 – 280,000

A total of 5,500,000 new options were issued to Directors, Officers, Employees and Consultants for the three months ending January 31, 2017.

12. STOCK OPTIONS (continued)

The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options described above: risk-free interest rate of 1.09-1.15%, dividend yield of 0%, expected volatility of 120%, forfeiture rate of 0% and expected life of 2.00-2.75 years. The stock-based compensation recorded for the vested options during the year ended April 30, 2016 was $23,515.

13. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in the accompanying financial statements are as follows:

At January 31, 2017, other receivables from the Company and a company (1888711 Alberta Inc.) related by Don Allan (officer and director of 1888711 Alberta Inc.), Mel Angeltvedt (director and officer of 1888711 Alberta Inc.), and Robin Ray (CFO of 1888711 Alberta Inc.) as at $Nil (2016 - $Nil).

Accounts payable and accrued liabilities balances at January 31, 2017 outstanding to officers and directors of the Company in the amount of $NIL (2016 - $Nil). Management fee payable, included in accounts payable and accrued liabilities balances, to 1888711 Alberta Inc., a company related by common directors and officers (Don Allan, director and officer, Mel Angeltvedt, director and officer, and Robin Ray, officer) was at $Nil (2016 - $Nil).

Total salaries, management and director's fees of $Nil (2016 - $Nil) were paid to Don Allan. During the April 30, 2017 year, net expense paid of $8,744 by Don Allan, to increase loan account balance, for expenses incurred for business activity.

Management fees of $Nil (2016 – Nil), consulting expense of $Nil (2016 - $Nil) and professional expense of $Nil (2016 - $Nil) were paid and or are payable to previous members of management of the Company working as consultants during the year.

Office expense of $767 (2016 - $5,422), salaries and benefits of $19,305 (2015 - $Nil), rent expense of $22,478 (2016 - $20,155) and telephone expense of $1,690 (2016 - $3,950) were charged back to 1888711 Alberta Inc., a company related by Don Allan (officer and director), Mel Angeltvedt (officer and director), and Robin Ray (former CFO).

The Company also received $63,355 (2016 - $Nil) on behalf of 1888711 Alberta Inc. ("1888") from investors of convertible debenture and the amounts were charged to loan payable to 1888711 Alberta Inc. (See Note 9). As of January 31, 2017, the loan payable balance still owing to 1888 was $196,543. This loan as described in Note 9, is unsecured, non-interest bearing with no fixed terms of repayment.

The Company has identified its directors and senior officers as its key management personnel. Short-term compensation earned directly during 2017 by key management was $Nil (2016 - $Nil). No post-employment benefits, other long-term benefits and termination benefits were made during 2017 and 2016. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties. Note 8 also provide information on related party transactions.

14. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

The Company has not changed its approach in managing its capital during the three months ending January 31, 2017.

15. FINANCIAL INSTRUMENTS

Risk Management

The Company's financial instruments consist of cash, other receivable, accounts payable and short-term loans payable; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation. The long-term loan payables and convertible debentures were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 10% to 18% per annum.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to develop a renewable fuel refinery and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2017, the Company had cash balance of $549,402 and working capital deficit of $1,755,389. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. For every one % change in the prime borrowing rate in Canada, the impact to the Company's financial statements for the period ending January 31, 2017 is not significant.

(Expressed in Canadian dollars)

15. FINANCIAL INSTRUMENTS (continued)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Therefore, the Company's exposure to currency risk is minimal.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2017 and 2016:

	As at Jan 31, 2017		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	549,402		-

	As at Jan 31, 2016		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	963	-	-

16. COMMITMENTS

1. On March 4, 2016, the Company announced that it has signed a long-term lease for 2.09 acres and a Right of First Refusal on an additional 8 acres, located in Edmonton, Alberta, The lease was signed with Symmetry Asset Management Inc., for five years with a multiyear extension. The Company is required to pay $9,135.50 for the 2.09 acres per month to Symmetry Asset Management Inc. beginning no later than October 31, 2016. The Company has asked Symmetry for a 12 month extension on this payment and are waiting for a reply.

2. On November 16, 2016 the Company announced that it has signed a Commercial Purchase Agreement with XR Resources Inc. ("XR") to purchase a property (the "Property") located in High River, Alberta, on which there is an existing bio-diesel refinery (the "Refinery"). This multi-

16. COMMITMENTS (continued)

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 is $2,300,000 (the "Purchase Price") consisting of both share and cash consideration. The initial installment of the Purchase Price, paid by Cielo to XR in consideration for the rights granted in the Agreement, was paid in the form of 5,000,000 common shares in capital stock of Cielo at a price of $0.06 per share, which shares will be held in trust by legal counsel until the transaction is completed. The balance of the Purchase Price is comprised of a cash payment of $2,000,000, to be paid upon satisfaction of the Conditions (see below), along with the release of the shares to XR. The purchase of the Property and the Refinery was subject to certain conditions (the "Conditions"), including a financing condition, Cielo's ability to acquire required permits, and due diligence being completed by Cielo to its satisfaction on or before February 7, 2017. Once the Conditions have been fulfilled or waived, and the Purchase Price paid, Cielo will acquire all right, title and interest in and to the Property and the Refinery. The anticipated closing date was February 28, 2017, however on March 30, the Company sought and received an extension for closing to April 14, 2017, subject to further extension as may be agreed by the relevant parties, as it continues to make arrangements for the purposes of financing the purchase.

17. SUBSEQUENT EVENTS

1. On February 17, 2017 the Company announced the closing of the second tranche of its non-brokered private placement offering (the "1mm Offering") of up to CAD $1,000,000 in secured convertible debentures (the "Debentures"), as initially announced on April 28th, 2016, followed by the announcement of the first closing on June 30, 2016. The company announced that it had 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 1mm Offering will be used toward the further development of the renewable diesel technology as well as to purchase the Property and Refinery defined in Note 16 for the purpose of constructing the first commercial renewable diesel refinery, as well as for general expenses. Securities issued in connection with the 1mm Offering are subject to a statutory four month hold period. While management of Cielo had initially hoped that this 1mm Offering would be closed by May 31, 2016, Cielo decided to extend the closing date to March 31, 2017. The third tranche of this offering was completed on March 31, 2017, as announced, and, due to the recent increase in market price, the Company did not extend the offering for a fourth and final tranche. The gross total proceeds over three tranches was $610,000.

2. The Company announced on February 17, 2017, that it had entered into an Asset Purchase Agreement with XR Resources Inc. ("XR"). In consideration for the Assets, Cielo agreed to pay to XR 2,036,364 free-trading common shares of Cielo which it would receive as loaned securities from Don Allan, President and CEO. Mr. Allan has entered into a securities lending agreement with Cielo, whereby Mr. Allan lent 2,036,364 free-trading common shares (the "Payment Shares") to Cielo, which would in turn be paid to XR, and Cielo will immediately issue 2,036,364 common shares (the "Repayment Shares") to Mr. Allan, which would be subject to a four-month hold period. The Payment Shares and the Repayment Shares have a deemed value of $0.055 per shares, for an aggregate value of $112,000.02 being paid for the Assets by Cielo. The completion of the transaction was announced on March 20, 2017 (see below).

17. SUBSEQUENT EVENTS (continued)

3. On March 20, 2017 Cielo announced the closing of the purchase of the Assets with XR Resources Inc. ("XR"), which was initially announced on February 17, 2017. 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. In consideration for the Assets, Cielo paid to XR 2,036,364 free-trading common shares of Cielo (the "Payment Shares"), which it received as loaned securities from Don Allan, President and CEO of Cielo. Mr. Allan has entered into a securities lending agreement (the "Share Loan Agreement") with Cielo, whereby Mr. Allan has lent the Payment Shares to Cielo, which were paid to XR, and Cielo issued 2,036,364 common shares (the "Repayment Shares") to Mr. Allan as repayment of the Payment Shares, which are subject to a four-month hold period. The Payment Shares and the Repayment Shares have a deemed value of $0.055 per share pursuant to the Share Loan Agreement, for an aggregate value of $112,000.02 being paid for the Assets by Cielo.

   Cielo also announced that the Company had entered into exclusive negotiations with an arms-length third party (the "Strategic Funder") pursuant to which the Strategic Funder would fund 100% of the costs associated with the construction of the first 6 refineries producing high grade renewable diesel fuel in Alberta, including the purchase of the property and development of the existing bio-diesel refinery on the property in High River, Alberta, previously announced on November 16, 2016. Pending finalization of definitive terms with the Strategic Funder, Cielo has agreed to suspend securing participation into the private placement offering of $7 million announced on November 29th, 2016.

4. On March 31, 2017, the Company announced the closing of the third and final tranche of the 1mm Offering. It announced that it had received CAD $480,000 from the third tranche for aggregate gross proceeds equal to $610,000 from the 1mm Offering. 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

   In connection with the third tranche of the 1mm Offering, the Company paid $23,200 in cash commissions and issued 232,000 finder's warrants (the "Finders' Warrants"). The Finders' Warrants will be exercisable into common shares for a period of two years at an exercise price of $0.10 per common share. The proceeds of the 1mm Offering (the "Proceeds") will be used to further develop the Company's proprietary renewable diesel fuel technology as well as towards the retrofitting of the idle bio-diesel plant in Aldersyde (High River), Alberta and the purchase of the property on which it's situation (the "High River Property"), previously announced on November 16, 2016. Cielo's intent is to commission this idle bio- diesel plant (the "High River Refinery") with the Company's proprietary technology. The Company had initially anticipated to purchase the High River Refinery and the High River Property on or before February 28, 2017 but has received an extension from the vendor. In addition, the Proceeds will be used for general working capital purposes.

   The Company also announced that it is in continued negotiations with arms-length third parties (the "Strategic Funders"), pursuant to which the Strategic Funders would fund 100% of the costs associated with the construction of the first 6 refineries producing high grade renewable diesel fuel in Alberta, including the purchase of the High River Property and the High River Refinery. Pending finalization of definitive terms with the Strategic Funders, Cielo has suspended securing participation into the private placement offering of $7 million in convertible debentures announced on November 29th, 2016.