

**FORM 51-102F3**  
**Material Change Report**

**1. Name and Address of Company**

Cielo Waste Solutions Corp. (the “**Issuer**” or “**Cielo**”)  
101 - 1500 Howe Street  
Vancouver BC V6Z 2N1

**2 Date of Material Change**

September 21, 2017

**3. News Release**

A news release was issued and disseminated on September 21, 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 September 21, 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 September 21, 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 \$3,000,000 in units (the “Units”), each Unit consisting of one common share and one half of one share purchase warrant, each full warrant entitling the holder to purchase one common share of the Issuer at an exercise price of \$0.20 for a period of 12 months, subject to the right retained by Cielo to reduce such term to a period of 30 days from the date of notice that may be delivered to a holder at any time after 14 weeks from the date of issuance of the Units in the event that the common shares of the Issuer maintain a market price of \$0.30 or higher for a period of five (5) consecutive days

On September 22, 2017, Cielo announced that it had closed the third tranche of the Offering, issuing a total of 8,832,360 Units for gross proceeds of \$883,236.

**b) the purpose and business reasons for the transaction:**

The majority of the net proceeds will be used for the construction of Cielo's first commercial refinery that will be located on the Company's recently acquired property in High River, Alberta.

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

See #5(b) above. The construction of this plant will allow for the Company to take a significant step forward in commercializing its technology 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:**

SSCR Corporate Solutions Ltd. ("SSCR"), a corporation owned and/or controlled by Shannon Wyzykoski, CFO of the Cielo, acquiring 300,000 Units, consisting of 300,000 common shares and 150,000 share purchase warrants.

Douglas Allan, an insider resulting from holding 10% or greater of the issued and outstanding shares of the Company, acquired, indirectly, 1,500,000 Units, consisting of 1,500,000 common shares and 750,000 share purchase warrants.

**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 Units to SSCR, SSCR has ownership and control, directly, and Shannon Wyzykoski has ownership and control, indirectly, of 300,000 Class A common shares and 150,000 share purchase warrants, representing approximately 0.023% of the issued and outstanding common shares of the Issuer on a non-diluted basis and 0.04% when assuming conversion of all warrants held by SSCR.

As a result of the issuance of the Units to Douglas Allan, Mr. Allan has ownership and control, directly, of 15,575,189 Class A common Shares, \$100,000 in convertible debentures (1,000,000 underlying Class A common shares), and 2,750,000 Warrants of the Issuer, representing approximately 12.28% of the issued and

outstanding common shares of the Issuer on a non-diluted basis and 14.8% when assuming conversion of all convertible debentures and exercise of all warrants held by Mr. Allan.

- 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 June 14, 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 Units to SSCR and Douglas Allan constitutes a "related party transaction" for the Issuer under MI 61-101. No formal valuation on the part of the Issuer is required under MI 61-101 in respect of the issuance of the Units to insiders of the Issuer. The Issuer is relying on the exemptions from the formal valuation and minority

approval requirements under MI 61-101. The Issuer 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 Issuer and no securities of the Issuer 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 Issuer is exempt from obtaining minority shareholder approval in connection with the issuance of the Units 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 Issuer, (ii) the Issuer has one or more independent directors in respect of the issuance of the Units who are not employees of the Company, and (iii) all of the independent directors have approved the issuance of the Units.

As this material change report is being filed less than 21 days before the issuance of the Units, 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 Issuer, such shorter period was reasonable and necessary in the circumstances as the Issuer was not aware of the participation of SSCR 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. 101

**10. Date of Report**

September 29, 2017

## **SCHEDULE "A"**

### **NEWS RELEASE**

#### **Cielo Advances Construction Of Garbage To High Grade Renewable Diesel Refinery By Closing \$883,236 In Third Tranche of Private Placement**

Vancouver, British Columbia, Canada / September 22, 2017 / CSE:CMC: Cielo Waste Solutions Corp. ("Cielo" or the "Company") is pleased to announce the closing of the third tranche of the Company's private placement of up to \$3,000,000 (the "Private Placement"). A total of \$883,236 was raised in the third tranche by way of the issuance of 8,832,360 ("Units") at \$0.10 per Unit. Each Unit is comprised of 1 common share and one ½ warrant, with each full warrant ("Warrant") having an exercise price of \$0.20 and an expiration date of twelve months from the date of issue of the Units. The term of the Warrants is subject to earlier expiration if Cielo's Common Shares trade at \$0.30 or above, for 5 consecutive days, at any time after 14 weeks from the date of issue of the Units, in which case Cielo will have the right to issue a notice to the holders of the Warrants that the term has been reduced to 30 days from the date of such notice. Any Warrants that have not been exercised, on or before such 30-day period, will automatically expire.

Together with the first and second tranche closings on July 17, 2017 and August 31, 2017 respectively, the Company has raised \$2,283,236 to date (\$1,048,236 of which was settlement for debt). In connection with the third tranche of the Private Placement, Cielo paid \$33,600 in cash commissions. All securities issued pursuant to the Private Placement will be subject to a statutory four-month hold period. The net proceeds from all three tranches are being used to continue with the construction of Cielo's first commercial waste to energy refinery as well as for general working capital. The Company anticipates closing one additional tranche of the Private Placement on or before October 5th, 2017 by issuing additional Units on the same terms.

Cielo's President and CEO, Don Allan, stated "We continue to make significant progress retrofitting our demonstration plant into our first commercial waste to energy refinery that is being constructed on our High River property. Closing this tranche of funding brings us that much closer to being in a position to commission our first refinery that is engineered to produce high grade renewable diesel."

Cielo's technology has been proven to work in the Company's demonstration refinery ("Demo Refinery") utilizing multiple different waste feedstock streams, including municipal solid waste, tires, plastics and wood waste converting all of them, on a cost-effective basis, into high grade renewable diesel fuel, in batches of up to 50 liters an hour. Having been granted a development permit from the MD of Foothills #31 municipal district, which is subject to customary conditions, Cielo has applied to the Alberta provincial regulator for a permit to build and operate the refinery. Cielo is now in the process of converting its Demo Refinery into about a 356 liter per hour (2.9 million liter per year) continuous flow refinery. Once Cielo validates that the retrofitted refinery

can operate on a continuous flow basis, Cielo plans to scale up the size of its refineries to produce about 2,000 liters an hour (16 million liters a year) of high grade renewable diesel and build multiple modular refineries around the world, offsetting landfills and other feedstock supplies. Cielo intends to focus initially on building additional refineries in Alberta to fill the Canadian mandated demand for renewable diesel, almost all of which is currently having to be imported into Canada, due to the high feedstock costs and product quality issues being experienced by Canadian bio-diesel producers. In the coming months and years, Cielo's goal is to replace as much as possible of the imported mandated demand, of about 650 million liters a year, with its high grade renewable fuel.

For more information please contact:

**Cielo Waste Solutions Corp.** Don Allan, President & CEO (403) 348-2972 Ext. 101  
[donallan@cielows.com](mailto:donallan@cielows.com) [www.cielows.com](http://www.cielows.com)

### **About Cielo Waste Solutions Corp.**

**Cielo Waste Solutions Corp.** is a publicly traded company with its shares listed to trade on the Canadian Securities Exchange ("CSE") under the symbol "CMC". Cielo is commercializing a transformational, patent-pending, technology that can convert multiple different waste streams into renewable diesel, at a significantly lower cost than biofuel companies. Landfills are one of the world's leading contributors to Green House Gas emissions and are projected to double in size over the next 7 years. Cielo can potentially resolve this crisis, on a cost-effective basis, by converting multiple different waste-derived feedstocks, including sorted municipal solid waste (garbage), wood and agriculture waste, tires, blue-box waste, all plastics and virtually any other cellulosic waste product into high grade renewable diesel.

### ***Cautionary Note Regarding Forward-looking Statements***

This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

Forward looking statements are subject to both known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward looking statements, including but not limited to: the use of proceeds of the offering, receipt of all

necessary approvals of the offering, general business, economic, competitive, political and social uncertainties; negotiation uncertainties and other risks of its industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward-looking statements are made as of the date hereof and, except as required by law, neither the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise. The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.