MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE PERIOD ENDED

JULY 31, 2016

Notice to Reader

The following is management's discussion in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (formerly Cielo Gold Corp.) (the "Company" or "Cielo") for the period ended July 31, 2016 and should be read in conjunction with the Company's interim financial statements for the same period ("July 31, 2016 Interim Financial Statements") and the audited financial statements for the most recent year ended April 30, 2016. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

Forward Looking Statements

The information presented in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward–looking statements" or "forward-looking information" (collectively "forward-looking statements") as those terms are used in the Private Securities Litigation Reform Act of 1995 and similar Canadian laws.

These forward-looking statements also include, but are not limited to, factors that may affect our ability to achieve our objectives and to successfully develop and commercialize our renewable diesel refineries..

Such forward–looking statements, including but not limited to those with respect to the price of renewable fuels, the timing and amount of estimated future economic and viability of refining projects, capital expenditures, costs and timing of refining projects, permitting timelines, title to refining projects, the timing and possible outcome of pending refining projects and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Date of Report

The information in this report is presented as of September 29, 2016.

ABOUT CIELO

Cielo was incorporated on February 2, 2011 as a wholly-owned subsidiary of Arris Holdings Inc. ("AHI") for the purpose of mineral property acquisition and development. The Company was an exploration stage company whose principal business was the exploration and development of mining properties.

The Company spun out from AHI and became a reporting issuer after the corporate restructuring between AHI and Cielo became effective on June 9, 2011. Commencing August 3, 2011, the Company's common shares started trading on the Canadian National Stock Exchange under the Symbol CMC.

On August 23, 2013 Cielo Gold Corp. changed its name to Cielo Waste Solutions Corp. This was due to a project change of business away from mining exploration and focusing on renewable diesel refining.

On April 15, 2014 Cielo announced that it had received approval from the Canadian Securities Exchange (the "CSE") of its fundamental change of business, which had also been approved by a majority of the shareholders of the Company.

CORPORATE OVERVIEW AND OVERALL PERFORMANCE

On March 17, 2014, the Company announced that it has taken steps in changing its business, originally a gold mining Company, to renewable diesel refining. The Board of Directors and management of the Company believes that it has the technology that can allow it to quickly enter the fast and growing waste industry by refining landfill municipal and commercial waste into a high quality renewable diesel. Cielo has identified opportunities throughout the world and is poised to capitalize on these and local opportunities very quickly.

Cielo is working diligently on the renewable fuels market demands. Some of these opportunities include:

1. March 5, 2014, Cielo announced it had received a $3 million purchase order for the supply of one 200 liters per hour refinery from Ausdeer Pty Ltd in Applecross, Australia. Cielo has since negotiated the increased sale of a 700lph plant to replace this original order. The new value is $13 million. This purchase order is subject to a successful working commercial refinery. As of the date of this report, Cielo is continuing talks with Ausdeer about the first plant that could be sent to Australia.

2. April 7, 2014, Cielo announced it had signed a letter of intent with the Red Deer County, to take over their newly built $6 million waste transfer site. This letter of intent has expired, but both parties are in agreement to reopen in the future.

3. May 26, 2014, Cielo announced the $13 million purchase order from the Royal St. Kitts Beach Resort. Cielo is still in ongoing discussions with the owners and the government, but is holding off signing a definitive agreement until after the successful start-up of the first commercial refinery in Edmonton.

4. June 24, 2014, Cielo announced that it had entered into an agreement for exclusive rights of its waste to fuel refining technology to New Fuel International Inc. ("NFI") of Seattle, Washington U.S.A. The agreement is effective as of June 24th, 2014. NFI shall have the exclusive right to market and produce renewable biofuel derived from industrial biomass waste streams initially in the U.S. states of California,

Oregon, Washington, Hawaii and Alaska, and the Canadian provinces of British Columbia and Ontario. New Fuel's responsibilities in the agreement will include securing the above specified biomass feedstock, triggering offtake agreements, managing operations, marketing, sales, and providing financing for the different NFI projects.

5. On August 6, 2014 Cielo announced entering into a Letter Of Intent with Kazgreen SA of Switzerland with the intent for the Company to form a Joint Venture (the "JV") corporation to own and operate a waste to fuel facility in Almaty, Kazakhstan. It was intended that the equipment would be showcased at the 2017 World Expo in Astana, Kazakhstan. EXPO 2017's Future Energy theme is to promote efforts to find sustainable energy solutions to meet growing global demand. It was decided by Cielo this was too early to enter into a definitive agreement and that discussions should be delayed until the first commercial plant is operating.

Cielo has stopped taking purchase orders and is deflecting any further discussions on purchase orders and opportunities until after the successful start-up of the first commercial refinery. Cielo is very focused on moving forward towards construction and the following show some of these advancements:

1. On February 23, 2016 Cielo announced that the Board Of Directors has appointed Mr. Mel Angeltvedt to the Board effective February 15, 2016. Mr. Angeltvedt has 30 years of experience in the oil and gas industry in process and production as well as in the service sector. Mr Angeltvedt has been the President of Bozco Enterprises since its conception in 1998. Mr Angeltvedt brings experience-based business knowledge and will be a valuable advisor on the financing, construction, operation and expansion of Cielo. Cielo also announced that the Board of Directors of Cielo has appointed Mr. Jason Christensen as Chief Finance Officer. Mr. Robin Ray, who has held this position since August 9, 2013, has resigned from this position in order to spend more time on his other business interests. Mr. Ray will be staying on as a director of Cielo and a member of the Audit Committee. Mr. Christensen is a graduate of the Institute of Chartered Accountants of Alberta. Mr. Christensen has been in the accounting profession for 27 years. Mr. Christensen recently retired from a senior management role in the finance department of Teck Coal Limited after 19 years of dedication, commitment and service. As CFO, Mr. Christensen brings his skills in business strategy, financial insight and senior leadership.

2. On March 7, 2016 Cielo announced that on March 4, 2016 Cielo signed a long-term lease for 2.09 acres and a Right Of First Refusal on an additional 8 acres, located in Edmonton, Alberta. This will allow the Company to construct the first unique commercial waste to renewable diesel refinery enabling a groundbreaking global landfill reduction phenomena coinciding with a novel high quality green renewable diesel product.

3. On March 16, 2016 Cielo announced on March 14, 2016 Cielo signed a multi-year feedstock agreement with Parkland Chips Products. This contract allows Cielo to purchase enough sawdust and wood shavings to supply 50-100% of the feedstock requirements for the first unique commercial waste to renewable diesel refinery.

4. On March 21, 2016 Cielo announced on March 17, 2016 Cielo signed a multi-year feedstock agreement with Dipper Oil Recycling, a division of Little Dipper Holdings Ltd. This contract allows Cielo to purchase enough used oil and plastics to supply the first unique commercial waste to renewable diesel refinery.

5. On June 14, 2016 Cielo announced it has signed an exclusive license agreement with 1888711 Alberta Inc. (the "Licensor") to complete the development of the Company's renewable diesel technology, which uses landfill waste, tires, plastics, wood shavings and paper products to produce renewable Kerosene,

highway diesel and naphtha. The Company retains the exclusive right to construct and commercialize the refineries.

6. On July 19, 2016 Cielo signed a Synthetic Diesel Purchase And Sales Agreement with Elbow River Marketing Ltd., which provides for the exclusive marketing, sale and distribution by Elbow River of all of the synthetic diesel intended to be produced by Cielo. The initial five year term of the Agreement will begin on or about the date that Cielo's proposed commercial plant begins operating, expected to occur in 2017, and may renew in two year periods thereafter. Notwithstanding the foregoing, the parties have agreed on a drop dead commencement date for Cielo to be in production and the beginning of the Initial Term, which is December 31, 2017. Elbow River Marketing has agreed to market the synthetic diesel across North America in order to maximize the selling price of the renewable diesel. Cielo will be paid in US dollars, less the transportation costs and other marketing costs.

For further details of the terms and conditions of the above-referenced agreements, the agreements can be reviewed on SEDAR.

Cielo is working hard with the 1888711 Alberta Inc. ("188711") and consultants to approach construction of the first commercial refinery. 1888711 are working on 10 engineering steps to complete development and allow Cielo to be able to commercialize the technology:

Step 1 – Feedstock Characterization Study. This step while it was completed in September, 2015, continues to be updated as new potential feedstocks are brought forward as possibilities for the refineries. Cielo is also working with potential vendors on upfront preparation of the feedstock.

Step 2 – Validation of the process and proforma by third party engineers. This step has been concluded as of November, 2015, but like step 1, it continues to be updated as new information is brought to our attention.

Step 3 – Carbon Capture Study. This is a detailed third party review of the carbon credits that Cielo will be able to recognize as a revenue stream. This study is complete, as compared to being 70% complete as at the time of the most recent Management Discussion and Analysis Report, filed on July 12, 2016

Step 4 – A full and detailed study on the catalyst development. This is a very in-depth study of how the catalyst reacts and preforms with a varying of individual feedstock or as they are combined. At the time of this report, we are approximately 70% complete, as compared to being 40% complete as at the time of the most recent Management Discussion and Analysis Report, filed on July 12, 2016

Step 5 – Preparing a process design package. The engineering team has completed this step, as compared to being 35% complete as at the time of the most recent Management Discussion and Analysis Report, filed on July 12, 2016

Step 6 – Patent Reviews. In August 2014 Cielo hired a patent lawyer to review patents throughout the world and found no patents were similar at that time to the process that Cielo had developed. Cielo believes that the technology that 1888711 has developed is game changing as they believe there is no company in the world capable of converting diesel from waste on a commercial scale. Cielo intends to hire a patent lawyer to update this review in 2016.

Step 7 – Filing of patents. Once the patent review is completed it is the intent of 1888771 (the licensor of Cielo's assets) to file for USA and Canadian process patents.

Step 8 – Developing Capital Estimates. This step has begun and will continue throughout the design engineering in Step 10.

Step 9 – Filing of permits and applications. This work has now begun for the site for the first commercial refinery. There is much work to be done before these can be filed. It is Cielo's intent to have these filed in late 2016.

Step 10 – Developing of construction drawings. This step is well on its way and should be completed in 2016.

At the time of this MD&A report, the best guess at completion of all 10 steps is December, 2016. When the engineering schedule was first put together, we expected to have this completed by January, 2016. As the testing was being completed, significant new information came forward from the engineering team, that we believed relevant to the successful start-up of the first refinery, filing of the patents, process design, catalyst development and to the capex of the construction. Therefore, more detailed work was approved and the schedule reworked. At the time of the most recently filed Management Discussion and Analysis Report (filed on July 12, 2016), management anticipated having all 10 steps completed by October 2016. While searching for vendors for some critical pieces of equipment, management and the engineering team have been making changes to the process design, which has been slowing down the final construction drawings. Management believes that the more off the shelf components can be implemented in the design, the more likely it is that the Company will reduce the startup risks. Further, these components will then come with warranties and support.

Going concern

Renewable fuels are becoming big policy and big business as countries around the world look to decrease petroleum dependence and reduce greenhouse gas (GHG) emissions in the transportation sector. After more than a decade of healthy growth for conventional renewable fuels like ethanol and biodiesel, the next wave of advanced renewable fuels is currently on the cusp of commercial scale-up. Renewable fuels have already helped the world achieve a tangible reduction in emissions as global CO2 emissions are forecast to rise by as much as 50 per cent over the next 25 years.

The success of the Company is largely dependent upon factors beyond its control. These factors raise substantial doubt about the Company's ability to continue as a going-concern.

Management is actively monitoring the operations to ensure the Company has adequate liquidity and capital to meet its obligations and long term business objectives. The Company has a history of raising funding through equity financing when needed. However, there is no guarantee the Company can do so in the future. Management is working with vendors for financing their components for constructing the first commercial refinery. There are numerous federal and provincial grants that are continuing to be applied for. Management is also beginning talks with brokerage houses on potential fund raising and reviewing different structures for the financing of the refinery. Further, 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 debentures maturing three (3) years from the date of issuance, carrying an interest rate of 15% per annum, and being 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. Cielo found it difficult to gain interest in this offering over the summer months and hopes to gain more interest in the next few months in addition to exploring any other financing options.

Asset Acquisition

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 amended the BHBD Interim Agreement and announced that, pursuant to the Initial Agreement, it would acquire all such assets of 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 and the transaction was 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 including all 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 all other 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

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.

At the year ended April 30, 2015, the Company determined that the intellectual property has been impaired and the value has been written down to $1.00.

Contracts

The Company announced on June 12, 2014 that it had signed a 10 year offtake agreement with a Seattle based renewable diesel buyer for all of its renewable diesel output for the first 7 refineries that go into production. The buyer has guaranteed a minimum price of $1.30/liter with a Right Of First Refusal to match any higher price the Company can receive. On May 26, 2016 Cielo canceled this offtake agreement so it could pursue opportunities elsewhere.

The Company has been aggressively moving the technology forward. On November 1, 2014 the Company signed an engineering management agreement with a private consulting firm to implement the final stages of engineering. On December 1, 2014 the consulting firm hired a Falling Apple Solutions to begin the final ten stages of engineering. These include 3rd party evaluation of the new technology and catalyst, patent filings and design engineering.

On January 31, 2015 the Company decided in the best interest of the company, it should move forward in search of a different consulting company and canceled the existing contract with the private company.

On May 19, 2015 the Company signed a non-binding letter of intent (the "LOI") with 1888711 Alberta Inc. ("1888711"). There were many terms and conditions yet to be agreed upon by the Company and 1888711 in the LOI and the parties continued to negotiate the terms, resulting in the License Agreement entered into by the parties, announced on June 14, 2016. Don Allan is a director and officer of 18887711 and Mel Angeltvedt is also a director and officer of 1888711. Falling Apple Solutions continues to work with the Company but now under agreement with 1888711.

At the time of this MD&A Report, Falling Apple Solutions' main partners are working on splitting the company and the main partner, Dr. Rod Facey, will continue to work with 1888711 on completing the above phases. As stated above, 1888711 is now into the design drawings for construction, working on vendor quotations and permit applications. Once these phases are completed, the Company intends to start construction on the first commercial renewable diesel refinery.

On March 7, 2016 Cielo announced that on March 4, 2016 Cielo signed a long-term lease for 2.09 acres and a Right Of First Refusal on an additional 8 acres, located in Edmonton, Alberta. This will allow the Company to construct the first unique commercial waste to renewable diesel refinery enabling a groundbreaking global landfill reduction phenomena coinciding with a novel high quality green renewable diesel product.

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RESULTS OF OPERATIONS

Three Months Ended July 31, 2016 ("2016 Three Months Interim")

Loss for the three month period ended July 31, 2016 was ($123,961) (2015 – loss of $151,234). The loss was mainly the combined result of incurring operating expenditures of$94,225 in professional fees (2015 - $99,041), $7,362 in trust and filing fees (2015 - $6,986), and $22,374 for office administration (2015 - $36,657). ($NIL was expended in consulting fees (2015 - $8,550)).

The main component of the office and administration expenditure of $22,374 was rent charged for its office and payroll. 1888711 moved its offices to the warehouse that Cielo occupies as of April 2015. As a result of this and sharing of office expenses with 1888711 Alberta Inc., a company related by common directors and officers (Don Allan, Mel Angeltvedt and Robin Ray), the total operating expenditures are lower for the three month period ended July 31, 2016 compared to those for the same period of 2015. It is the Company's intention to curtail expenses to preserve cash until the Company is able to obtain further financing to finance its long term business objectives.

On July 31, 2016, the Company's main assets and liabilities were:

Cash - $6,590 comparing to $26,711 at 2015;
Prepaid expenses - $5,633 (2015 - $4950);
Accounts payable and accrued liabilities - $434,977 (2015 - $585,754);
Due to Shareholder $489,078 - (2015 – $465,913)
Due to Affiliated companies $462,279 (2015- $1,936,852)

The decrease in cash was mainly a combined result of paying down debt expenses and engineering costs. The decrease in liabilities is due to the debt conversion for issuance of shares at the end of 2015.

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly information that has been derived from the audited financial statements and unaudited financial statements of Cielo. This summary should be read in conjunction with audited financial statements of Cielo as well as the unaudited interim financial statements of Cielo as contained in the public record.

Quarterly Financial Information	July 31 2016	Apr 30 2016	Jan 31 2016	Oct 31 2015	July 31 2015	Apr 30 2015	Jan 31 2015	Oct 31 2014	July 31 2014
Operating data:	$	$	$	$	$	$	$	$	$
Total revenue	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Operating Expenses	123,961	46,519	105,510	314,606	151,234	382,434	202,423	360,925	333,651
Net Earnings (loss)	(123,961)	379,605*	(105,510)	(314,606)	(151,234)	(382,434)	(202,423)	(360,925)	(333,651)
*Gain on debt settlement									
Balance sheet data:									
Total assets	18,958	24,063	22,111	22,111	41,775	55,240	5,510,123	5,545,261	5,543,748
Total current liabilities	1,496,661	1,448,593	1,523,469	3,455,654	3,128,252,	3,142,433	1,635,764	1,468,479	1,185,697

Explanation of Quarterly Variances.

Loss for the three month period ended July 31, 2016 was ($123,961) (2015 – loss of $151,234). The loss was mainly the combined result of incurring operating expenditures of $94,225 in professional fees (2015 - $99,041), $7,362 in trust and filing fees (2015 - $6,986), and $22,374 for office administration (2015 - $36,657). ($NIL was expended in consulting fees (2015 - $8,550)).

Revenue for the three months ending July 31, 2016 was $NIL, compared to $NIL for the three months ended July 31, 2015. The company is not currently generated revenue until the first commercial refinery is built.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2016, the Company had $6,590 cash, and working capital deficit of $1,477,704. The Company is not subject to external working capital requirements unless otherwise indicated here.

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 continues to explore various financing options and opportunities to assist with capitalizing its business, as set out below, however many of the costs and commitments that would have had to have been met by the Company are being funded by 1888711 Alberta Inc. ("1888") under the terms of the license agreement between the Company and 1888, announced on June 15, 2016.

During the three months ended July 31, 2016 the Company has settled $84,500 in debt through the issuance of shares.

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 this non-brokered private placement. Cielo found it difficult to gain interest in this offering over the summer months and hopes to gain more interest in the next few months.

The Company is in the continual process of reviewing and applying for federal and provincial grants, any or all of which would allow the Company to fund its activities, including hiring of engineering personnel, lab testing, construction. The Company is also in the process of discussing possible brokered private placement options.

Use of funds:

June 17, 2016	Shares for debt issue 1,550,000	$77,500.00	To be used towards costs, in whole or in part, of the unit offering, engineering working capital, professional fees and primarily on building the first working diesel refinery by the corporation.	There was no variance in our intended use; all funds received were used to pay professional fees, including engineering and research.
June 30, 2016	Convertible Debt	$20,000.00	To be used towards general working capital; professional fees and primarily on building the first renewable diesel refinery.	There was no variance in our intended use; all funds received were used to pay professional fees, including legal, accounting, engineering, research and investor relations; office and administration;
July 4, 2016	Shares for debt issue 140,000	$7,000	To be used to repay a loan reassignment from an investor; as indicated in the release dated July 4, 2016.	There was no variance in intention; the shares were issued to the group responsible for paying the loan.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTINGENCIES / LEGAL PROCEEDINGS

The Company does not have any legal proceedings

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties. Details are available in the Note 6 and Note 11 to the July 31, 2016 Interim Financial Statements.

OUSTANDING SHARE DATA

As of July 31, 2016, the Company has 93,539,224 common shares. As at the end of the year ending April 30, 2016, there were 91,849,224 common shares issued and outstanding. Following this:

(i) On June 17, 2016, the Company issued 1,550,000 common shares at fair value of $77,500, using the closing trading price on the same date, to settle accounts payable in the amount of $77,500 respectively. No gain or loss resulted from these debt settlements.

(ii) On July 4, 2016, the Company issued 140,000 common shares at a fair value of $7,000, using the closing trading price on the same date, to settle debt of $7,000. No gain or loss resulted from these debt settlements.

Nil share purchase warrants were exercised during the three month period ending July 31, 2016.

481,186 share purchase warrants (following the expiration of share purchase warrants during the 3 month period ended July 31, 2016), 9,227 broker warrants and 280,000 stock options issued and outstanding.

On August 28, 2016, 265,520 share purchase warrants expired. As such, as of the date of this MD&A, the Company has 93,539,224 common shares issued and outstanding, 215,666 share purchase warrants, 9,227 broker warrants and 280,000 stock options issued and outstanding.

If convertible debentures issued by the Company in the aggregate of $20,000 are converted into common shares at $0.10 per share in accordance with debenture terms, an additional 200,000 common shares of the Company would be issued.

CRITICAL ACCOUNTING ESTIMATES

This item does not apply; the Company is a venture issuer.

CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Details are available in the 2016 year-end financial statements, which are available at www.sedar.com.

FINANCIAL INSTRUMENTS

Refer to Note 13 to the Company's financial statements for the period ended July 31, 2016.

RISK FACTORS

Risks of the Company's business include the following:

No History of Revenues or Dividends

As a newly formed company, Cielo has no history of earnings, and there is no assurance that the property, or any other future property that may be acquired by Cielo, will generate earnings, operate profitably, or provide a return on investment in the future. Cielo has no plans to pay dividends in the foreseeable future.

Reliance on Management's Expertise

Cielo strongly depends on the business acumen and investing expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Issuer. Cielo does not have any key person insurance in place for management.

Renewable Diesel Fuel Industry

The US, Canadian and most European governments require a minimum of 2% - 10% of diesel fuels to be comprised of renewable diesel. In Canada it is 2% minimum by the federal government and in most provinces and additional 2%, with Manitoba and Saskatchewan increasing their requirement to 5% minimum blend. In USA it is 2-5% depending on State, California is looking to increase to 10%. In Europe it is 5% for automotive and 10% for airlines.

- 2011 bio-diesel requirements for Western Canada were 423.5 million litres.
- 2011 bio-diesel production in Western Canada was reported to be 42-Million litres
- The remaining 89.9% had to be imported from abroad

The development of a renewable fuel refinery involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the renewable fuel production may result in substantial rewards, few renewable fuel refineries are developed into profitable businesses without significant help from government subsidies. Major expenses may be required to establish the refinery business. It is impossible to ensure that the current business plan by the Company will result in a profitable commercial refining operation.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Renewable fuel refining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the feedstock, process design, the fluctuation of fuel prices and possible damage to, or destruction of the producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, refining operations are subject to hazards such as equipment failure and fuel storage areas, which may result in environmental pollution and consequent liability.

The Company's refining activities are directed towards the search, evaluation and development of feedstock and its ability to convert it into renewable fuel. There is no certainty that the refinery as described herein will result in production of commercial quantities of renewable fuel. There is competition within the renewable fuel industry which is considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production.

Commodity Prices

The profitability of the Company's operations is significantly affected by changes in the market price of various renewable fuels. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, cash flow from operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated production of fuel will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of renewable fuels, may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feed stock costs or drop in renewable fuel prices, could cause the refining operation to be unprofitable in any particular accounting period.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended July 31, 2016, there has been no significant change in the Company's internal control over financial reporting since last year.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

DIRECTORS AND OFFICERS

Don Allan	Director, CEO, President
Robin Ray	Director
Doug MacKenzie	Director
Chris Dovbniak	Director
Mel Angeltvedt	Director
Jason Christensen	CFO

SUBSEQUENT EVENTS

No additional Subsequent Events

ADDITIONAL INFORMATION

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