

FORM 51-102F3
Material Change Report

1. Name and Address of Company

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

2 Date of Material Change

May 6, 2019

3. News Release

A news release was issued and disseminated on May 7, 2019 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 May 7, 2019 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 May 7, 2019 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 a targeted minimum of CAD \$1,000,000 in units (the “Units”), each Unit consisting of one \$1,000 convertible debenture (the “Convertible Debenture(s)”) and 500 share purchase warrants (the “Warrant(s)”), each warrant entitling the holder to purchase one common share of the Issuer at an exercise price of \$0.25 for a period of 48 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 4 months and a day from the date of issuance of the Units in the event that the common shares of the Issuer maintain a market price of \$0.50 or higher for a period of Five (5) consecutive days. The convertible debentures carry a simple interest rate of 15% per annum, Two (2) years of interest to be prepaid on the date of issuance of the Units by the issuance of common shares at a price of \$0.10 per share (the “Prepaid Interest Share(s)”).

Cielo announced that it received CAD \$1,008,000 from closing of the first tranche on May 6, 2019. \$50,000 of this amount was a result of the settlement of indebtedness as a securities for debt transaction.

b) the purpose and business reasons for the transaction:

The net proceeds of the Offering will be used to acquire equipment and pay service costs to advance the completion of the construction and commissioning of Cielo's first commercial waste to renewable diesel fuel refinery in Aldersyde, Alberta ("Aldersyde Refinery"), as well as for working capital.

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

The Company is working toward commercializing its first commercial refinery. The use of net proceeds of the Offering will advance this goal.

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:

110 Units were issued to Mel Angeltvedt, an insider (director) of the Company. On the closing date, Mr. Angeltvedt received \$110,000 in Convertible Debentures, 55,000 Warrants, and 330,000 Prepaid Interest Shares.

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:

Prior to the issuance of the shares, Mr. Angeltvedt had, directly or indirectly through his partially owned and/or controlled corporation, 1,633,438 common shares and \$10,000 in a convertible debenture, convertible into approximately 131,800 shares up to the date hereof including accrued interest, and 750,000 options, collectively representing 2,515,238 common shares on a partially diluted basis, representing 0.9% of the issued and outstanding shares of the Company on an undiluted basis and 1.4% on a partially diluted basis. After giving effect to the Offering, Mr. Angeltvedt has 1,963,438 shares, \$110,000 in a convertible debenture, convertible into approximately 1,798,466 common shares as at the date of the closing of the first tranche of the Offering, 750,000 stock options, and 55,000 warrants, collectively

representing 4,566,904 of the common shares on a partially diluted basis, representing 1.1% of the issued and outstanding shares of the Company on an undiluted basis and 2.6% on a partially diluted basis.

- 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 unanimous resolution of the board of directors of the Company authorized the Offering.

- 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:**

See section 5(a).

- 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 Mr. Angeltvedt 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 Mr. Angeltvedt 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

May 16, 2019

SCHEDULE "A"

NEWS RELEASE

CIELO ANNOUNCES PRIVATE PLACEMENT OF CONVERTIBLE DEBENTURE UNITS AND CLOSING OF FIRST TRANCHE, OPERATIONS UPDATE AND CONFERENCE CALL

Vancouver, British Columbia, Canada / May 7, 2019 / CSE: CMC: Cielo Waste Solutions Corp. ("Cielo" or the "Company") announces a private placement of convertible debenture units, an operational update and conference call details for May 10th, 2019.

PRIVATE PLACEMENT OFFERING OF CONVERTIBLE DEBENTURES

Cielo announces a private placement offering of a targeted minimum of CAD \$1,000,000 in convertible debentures units (the "Unit(s)"). Each Unit will consist of one (1) \$1,000 unsecured convertible debenture (the "Debenture(s)") and 500 share purchase warrants (the "Warrant(s)").

The Debentures will bear interest at a simple rate of 15% per annum, the initial two (2) years of interest to be prepaid (the "Prepaid Interest") on the date of issuance of the Debentures (the "Issue Date") by the issuance of common shares (the "Prepaid Interest Shares") at a price of \$0.10 per Prepaid Interest Share. The principal of the Debentures (the "Principal") together with all accrued interest exceeding the Prepaid Interest (the "Interest Balance") will be repaid 48 months from the Issue Date unless repaid earlier by Cielo without penalty or converted by the holder(s) thereof any time after four months and a day following the Issue Date at a price of \$0.06 for the Principal and \$0.10 for the Interest Balance.

Each Warrant will be exercisable for a term of 48 months from the Issue Date (the "Warrant Term") at an exercise price of \$0.25 per share, subject to acceleration in the event that the common shares of Cielo listed on a recognized stock exchange trade at \$0.50 or higher for at least five (5) consecutive trading days, in which event Cielo may provide a notice to holders that the Warrant Term will terminate 30 days from the date of notice.

Cielo is pleased to announce that it has closed the first tranche of the Offering (the "First Tranche") exceeding its minimum target. Cielo has raised gross proceeds of \$1,008,000 by the issuance of 1,008 Units (including \$50,000 of debt owing to one contractor converted to 5 Units). In addition to the issuance of the Units, 3,024,000 Prepaid Interest Shares were issued. The Offering is expected to remain open until May 24th to allow for current interested parties to participate in the Offering but may close sooner or later in the discretion of the Company, subject to CSE approval. Net proceeds of the Offering will be used towards the costs of completing the new construction required to be completed to the Company's refinery in Aldersyde, Alberta, as well as for general working capital.

Although the Offering is non-brokered, the Company may, as determined in its sole discretion, pay reasonable customary brokers' and/or finders' commissions in connection with the completion of the Offering of up to 8% of the gross proceeds raised by such broker(s)/finder(s) and up to 8% of the total number of common shares that would be issued to subscribers introduced by such broker(s)/finder(s) if 100% of the Principal under the Debentures is converted. With respect to the closing of the First Tranche, Cielo has paid commissions equal to \$35,280 and issued 588,000 warrants (the "Finder Warrant(s)"). Each Finder Warrant will be

exercisable for a term of 48 months from the Issue Date (the "Finder Warrant Term") at an exercise price of \$0.10 per share, subject to acceleration in the event that the common shares of Cielo listed on a recognized stock exchange trade at \$0.50 or higher for at least five (5) consecutive trading days, in which event Cielo may provide a notice to holders that the Finder Warrant Term will terminate 30 days from the date of notice.

As an insider participated in the Offering, it is considered to be a "related party transaction" under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relies on the exemption from valuation requirement pursuant to subsection 5.5(b) of MI 61-101, as the securities of the Company are not listed or quoted on an enumerated stock exchange, and the Company relies on the exemption from minority approval under subsection 5.7(b) of MI 61-101, as the securities of the Company are not listed or quoted on an enumerated stock exchange; neither consideration received, nor the fair value of the securities distributed exceeds \$2,500,000; and at least two thirds of independent directors of the Company voted in favour of the related party transaction.

Cielo would also like to correct its previous press release, issued on April 1, 2019 (the "April 1 PR"), in which it announced that: a) one of its contractors had agreed to convert \$14,818.44 into 113,988 shares at a deemed price of \$0.13 per share; and b) a total of \$1,644,371 in gross proceeds was raised in three tranches by the issuance of 12,649,007 Units (as defined in the April 1 PR). The contractor converted \$14,818.44 of amounts owing into 113,998 Units in a fourth and final tranche of that offering, such that the gross proceeds raised in four tranches were \$1,659,189.44 by the issuance of 12,763,005 Units.

OPERATIONS UPDATE

Cielo's contractors have updated the construction/commissioning schedule for the Refinery to set weekly goals in an effort to have the Refinery up and running on a continuous-flow basis as soon as possible. To facilitate the installation of the new equipment, operation of the Refinery has been temporarily shut down. The contractors have advised that they are confident that the Refinery will be operational and running on a continuous-flow basis within approximately sixty days. Cielo will be able to take advantage of reduced operational expenses during this scheduled shutdown while continuing to work on testing and improving the process on its laboratory bench scale model, including to prepare samples for testing for the desulfurization process. Cielo has been experimenting with different additives in anticipation of submitting its third sample for testing in an attempt to create a sample that is as close to a finalized product as possible, which is expected to be submitted in the coming days.

The technical team also continues to streamline and implement improvements to the feedstock preparation, which is anticipated to result in greater yields of renewable fuels from the Refinery. In this regard, grinding equipment has been ordered that will allow more flexibility in the material that can be used as feedstock. The new grinding equipment can turn cellulosic fibres into a very fine flour like material, including but not limited to, all plastics, tire crumb, used railway ties and municipal solid waste. Cielo has experimented with this "flour" and results have been favourable as it efficiently converted various waste products to renewable fuels. This flour is anticipated to allow for a much higher bio-genetic content, which will increase the renewable percentage, production output, carbon credits and reduce production costs.

CONFERENCE CALL DETAILS

Cielo has scheduled a conference call for discussion with shareholders on the operations update above. The conference call is set for 10:00 am MST on Friday, May 10th, 2019. The conference call number is 1 (877) 385-4099 and the participant number is 7013581.

Don Allan, President & CEO of Cielo, stated "As we get closer to our goal of placing our Aldersyde refinery on continuous-flow production, we are very pleased to continue to find support for our financing efforts and will continue to work diligently to launch our technology, which we believe will result in a significant increase in shareholder value."

Join Cielo shareholders on 8020 Connect: <http://connects.digital/cielo1>

For more information please contact:

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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 holds the exclusive license for the global rights to a transformational, patent-pending, technology engineered to convert garbage-derived feedstocks to high grade renewable diesel, at a significantly lower cost than biofuel companies. With landfills being one of the world's leading contributors to Green House Gas emissions and being 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 garbage-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. Cielo is making forward looking statements related to the completion of the construction of the Refinery, the Offering, and the application of the net proceeds of the Offering to such construction. 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.