

Termination of License Agreement and Transfer of IP - Term Sheet

Subject	Terms
Parties	<p>Cielo Waste Solutions Corp. ("Cielo")</p> <p>18887711 Alberta Inc. ("1888")</p>
Background	<p>1888 and Cielo entered into a License Agreement dated June 14, 2016 (the "Original Agreement") which was subsequently restated and amended through a binding agreement dated November 1, 2017 (the "Amended Agreement"). Pursuant to the Amended Agreement:</p> <ul style="list-style-type: none"> a) 1888 and Cielo agreed to the payment of royalties and refinery fees by Cielo to 1888 in exchange for 1888 providing resources for the development of technology to convert and transform waste to renewable fuels (the "Technology "or "IP"); b) 1888 was to provide and Cielo was to access capital for the development of the Technology owned by Cielo; c) Cielo provided a license to 1888 to develop the Technology, which included the consent of Cielo for 1888 to develop, improve and patent the Technology, and 1888 obtained patents listed in schedule "A"; d) Cielo had the right to develop and improve the Technology and did continue and will continue to develop the Technology to commercialization and beyond; e) upon commercialization of the Technology, Cielo was to pay 1888 a \$0.05 royalty on every liter of renewable fuel produced by Cielo (the "Royalty") in addition to an additional sum for each Refinery beyond the initial Refinery constructed by Cielo (the "Refinery fee"); and f) certain rights for the termination of the Royalty and Refinery fee were provided to Cielo. <p>Cielo, in accordance with its current business strategy, identified that the registration of the patents concerning the Technology and the terms of the Amended Agreement were an impediment to attracting institutional investors and the participation of major lenders in relation to its attempt to raise capital through private placements and issuance of equity. In part, the net result was increasing the cost of capital to be secured by Cielo.</p> <p>As such, Cielo requested that it and 1888 negotiate terms for the termination of the Amended Agreement, assignment of the patents held by 1888, and all rights that 1888 might have to any technology or other intellectual property developed by 1888 and Cielo as of the date of this Agreement.</p>
Purchase of IP, Termination of License Agreement and Purchase Price	<p>Cielo wishes to terminate the License Agreement and transfer the patents and Technology, free and clear of all liens, encumbrances, mortgages, security interest, or other limitations or restrictions whatsoever, and transfer the right to receive the Royalty and Refinery fee to Cielo or an assignee of its choice.</p> <p>In consideration for transferring the IP and terminating the License Agreement, Cielo will pay 1888 10,000,000 common shares in the capital of Cielo ("Shares"), to be issued by Cielo to 1888 on the closing date, such Shares only being subject</p>

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	to a four (4) month and a day hold period under applicable securities laws but otherwise being freely tradeable.
IP Rights and Derivative Works	<p>Cielo has no limits on future product formulation relating to the IP. Cielo shall have the right to utilize the Technology, to develop, and to improve the Technology and the Derivative Works (as defined below) and will solely own each Derivative Work and all related IP Rights. Cielo shall have the right to use and commercially exploit the IP and all related IP Rights (as defined below) in identical, modified or altered versions and in combination with other works for any and all commercial and non-commercial purposes whatsoever and using any and all means, media and technologies now in existence or developed in the future, without any compensation or attribution to any other person including 1888.</p> <p>Cielo shall have the right to use and commercially exploit the Derivative Works and all related IP Rights in identical, modified or altered versions and in combination with other works for any and all commercial and non-commercial purposes whatsoever and using any and all means, media and technologies now in existence or developed in the future, without any compensation or attribution to any other person.</p> <p>On request by Cielo, 1888 shall assist Cielo to obtain, perfect, confirm, register, protect, defend and enforce Cielo’s ownership of and rights in, to and associated with the IP and all related IP Rights in any and all jurisdictions throughout the world, including by promptly executing confirmatory agreements or other documents in favour of Cielo or its successors or assigns.</p> <p>“IP Rights” means the IP, the Technology and all intellectual property rights (including any copyright, and related rights, moral rights, patents, inventions (whether patentable or not), database rights, design rights, and rights in respect of trademarks and domain names and related goodwill, trade secrets and confidential information) of any nature and kind whatsoever, whether or not registered or registrable, and all applications, registrations, renewals, extensions, continuations, divisions, reissues, and restorations, relating to any of those rights (where applicable), now or hereafter in force and effect throughout all or any part of the world.</p> <p>“Derivative Work” means any tangible or intangible item (including an idea, creation, concept, design, discovery, development, know-how, invention, innovation, method, process, useful art, work of authorship and creation, technology and computer software or other computer code), in any form and on any media or no media at all, that is conceived, created, designed, developed, discovered, enhanced, invented, learned, made, prepared or reduced to practice by or on behalf of a Party, either alone or jointly with other persons that is derived from, based on or relates to the IP.</p>
Indemnity	The Agreement will include an Indemnification clause by 1888 to Cielo, from and against third party claims and third party proceedings arising from, connected with or relating to: (a) the use of the IP by any person prior to the date of the Agreement; or (b) this term sheet or a breach of the Agreement by

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	<p>1888. In addition, Cielo will indemnify 1888 for Cielo’s use of the IP from and after the date of the Agreement and Cielo will indemnify 1888 for a breach of this term sheet or the Agreement by Cielo. Other than with respect to the indemnities referred to above, the parties will execute a mutual release with respect to the obligations and amounts owing between them such that both parties can have comfort that there are no ongoing obligations or liabilities between them.</p> <p>Cielo acknowledges that no amounts are owing by 1888 to Cielo pursuant to the terms of the Original Agreement, the Amended Agreement or otherwise.</p>
Due Diligence	<p>1888 shall deliver, to the extent not previously delivered, to Cielo a true and complete copy of all documents, agreements, financial statements, reports, and all other material relating to the IP.</p> <p>1888 confirms that all Schedule “A” represents all technology developed by 1888 pursuant to the Original Agreement and Amended Agreement and includes all IP and patents held or applied for by 1888.</p>
Conditions to the Proposed Transaction	<p>Cielo obtaining all necessary approvals, exemptions or authorizations from the TSX Venture Exchange and other governmental bodies in order to permit the issuance of the Shares forming the consideration.</p> <p>The satisfactory completion of Cielo’s due diligence investigation in respect of the IP, as determined by Cielo in its sole discretion.</p>
General Representations and Warranties	<p>Each Party will give standard representations and warranties including (a) capacity and legal right to enter into and perform the Agreement; and (b) its entering into and performance of the Agreement will not conflict with, or result in the breach of any express or implied obligation or duty (contractual or otherwise) that the Party now or in the future owes to any other person.</p> <p>In addition, 1888 will give representations and warranties regarding the IP, including (a) that the IP is owned by 1888 free and clear of all encumbrances; (b) that, to the best of 1888’s knowledge, the IP does not infringe the intellectual property rights of any other person; (c) that each person involved in the development of the IP has assigned (or in the case of non-assignable rights, waived) in favor of 1888 all right, title and interest in and to the IP; and (d) other representations and warranties appropriate to patents.</p>
Signing Date	<p>The signing date of the Agreement shall be November 30, 2021, or such other date as mutually agreed upon by the Parties (the “Signing Date”).</p>
General	<p>The Agreement will include general provisions, such as: severability; entire agreement; modification; enurement, etc.</p>
Termination	<p>This Term Sheet shall terminate with the parties having no obligations to each other, other than in respect of the expenses and the confidentiality provisions, and other than in respect of the liability of a party for breach of any of the terms</p>

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	<p>or conditions set forth herein before the termination, on the day (the "Termination Date") on which the earliest of the following events occurs:</p> <ul style="list-style-type: none"> a) by Cielo, by notice in writing on or before December 31, 2021, in the event that its due diligence investigations of Cielo are unsatisfactory, provided that Cielo has provided details of the due diligence concerns prior to such time and given 1888 a reasonable opportunity to address such concerns; b) written agreement of the parties to terminate this Term Sheet; c) failure to sign the Agreement by the Signing Date; d) Closing is not completed on or prior to January 15, 2022; e) upon written notice from Cielo to 1888, in the event that 1888 is in breach of any material term, condition or covenant of this Letter of Intent or any representation or warranty given by 1888 in this Letter of Intent becomes or is false in any material respect; or f) upon written notice from the 1888 to Cielo, in the event that Cielo is in breach of any material term, condition or covenant of this Letter of Intent or any representation or warranty given by Cielo in this Letter of Intent becomes or is false in any material respect.
Binding	<p>The acceptance of this Term Sheet will be followed by the negotiation of definitive documentation, including a definitive agreement (the "Agreement") setting forth the detailed terms of the transaction and containing the material terms and conditions set out in this Term Sheet and such other terms and conditions as are customary for transactions of the nature contemplated herein. Execution of the Agreement shall replace and supersede this Term Sheet. All documentation shall be in form and content satisfactory to each of the Parties, each acting reasonably.</p> <p>Subject to the conditions set forth herein, this Term Sheet will be binding upon, and will enure to the benefit of and be enforceable by, the Parties hereto and their respective successors, permitted assigns, executors and administrators. No assignment of this Term Sheet will be permitted without the written consent of the other Party.</p>
Governing law	Alberta
Expenses	Each Party will bear their own legal fees and other expenses relating to the transactions contemplated by this Term Sheet and the Agreement.

If the terms of this Term Sheet are acceptable, please communicate your acceptance by executing the duplicate copy hereof in the appropriate space below and returning such executed copy to us by facsimile or PDF copy to the attention of the undersigned.

[Signature Page Follows]

Yours very truly,

CIELO WASTE SOLUTIONS CORP.



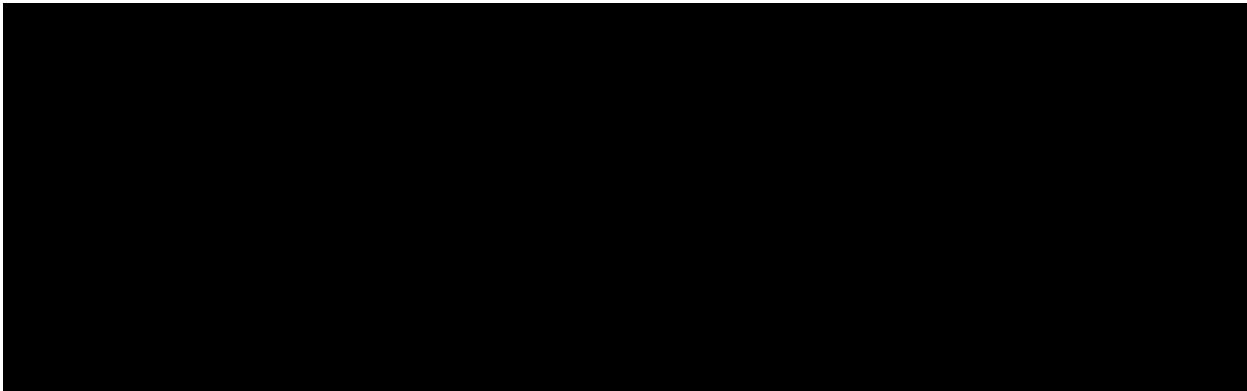
Per: _____

Name: Chris Sabat

Title: Chief Legal Officer and Corporate Secretary

THE TERMS OF THIS TERM SHEET are hereby accepted as of the 22nd day of November, 2021.

18887711 ALBERTA INC.



1888 signature lines/signatures

Schedule A

Intellectual Property

	Title	Application and Publication Numbers	Filing Date and Status	Applicant
US	Enhanced Distillate Oil Recovery From Thermal Processing and Catalytic Cracking of Biomass Slurry	Application No. 16/041,110 Patent No. 10,723,956	Filing Date: 07/20/2018 Granted on 07/28/2020 Status: in force	1888711 ALBERTA INC.
US	Enhanced Distillate Oil Recovery From Thermal Processing and Catalytic Cracking of Biomass Slurry	Application No. 16/899,291 Patent No. 10,961,465	Filing Date: 06/11/2020 Granted on 03/30/2021 Status: in force	1888711 ALBERTA INC.
CA	Enhanced Distillate Oil Recovery From Thermal Processing and Catalytic Cracking of Biomass Slurry	Application No. 3,012,153 Grant No. 3,012,153	Filing date: 07/20/2018 Granted on 09/01/2020 Status: in force	1888711 ALBERTA INC.
US	Enhanced Distillate Oil Recovery From Thermal Processing and Catalytic Cracking of Biomass Slurry	Application No. 17/182,167 Publication No. 2021/0198581	Filing Date: 02/22/2021 Published on 07/01/2021 Status: in force	1888711 ALBERTA INC.