CIELO

Window to a Cleaner World™

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE SIX MONTHS ENDED OCTOBER 31, 2019

Notice to Reader

The following is management's discussion and analysis – quarterly highlights ("MD&A") in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (the "Company" or "Cielo") for the six months ended October 31, 2019 and 2018. 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.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51- 102F1, in accordance with National Instrument 51- 102 – Continuous Disclosure Obligations. It should be read in conjunction with the Company's audited annual financial statements for the year ended April 30, 2019, together with the notes thereto, and the accompanying unaudited interim condensed financial statements and related notes for the six months ended October 31, 2019.

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 securities laws applicable in Canada.

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 December 18, 2019.

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 Securities Exchange ("CSE") under the Symbol CMC.

On August 23, 2013 Cielo Gold Corp. changed its name to Cielo Waste Solutions Corp. This was due to a pending 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 CSE of its fundamental change of business, which had also been approved by a majority of the shareholders of the Company.

The registered and records office of the Company is located at #610 – West Georgia Street, Vancouver, BC V6B 4M9 and its operations office is located at Bridgeview Place II, Suite 115, 5114-58 St., Red Deer, AB T4N 2L8.

CORPORATE OVERVIEW AND OVERALL PERFORMANCE

Since the Company's fundamental change of business to renewable diesel refining, the Board of Directors and management of the Company have been working toward commercializing its proprietary technology to allow it to enter the fast and growing waste industry by refining landfill and 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. While Cielo has generally not been taking purchase orders while focusing on the construction and commissioning of its first commercial refinery, the Company has continued to communicate with those who had previously submitted purchase orders or expressed interest to facilitate revenues upon the completion of the commissioning phase.

Cielo has also started acting on interest expressed by third parties with respect to potential joint venture opportunities, which management believes will allow for easier financing of additional refineries. Management believes that entering into such agreements effectively removes the financing and scale-up risk associated with those refineries (in particular the next couple to be built) and allows the Company to earn profits as well as ongoing management fees during both the construction and operation of such joint venture refineries. See below for additional detail on existing memorandums of understanding for potential joint ventures.

Cielo has planned two phases (Phases I and II) for reaching optimal production output in creating a blueprint for its refineries. Cielo's initial plan for Phase I was to build a refinery targeting a nominal production rate of 356 litres per hour and, for Phase II, Cielo had considered building a second refinery, targeting a production rate of 1824 litres per hour. During the year ended April 30, 2018, Cielo focused on the construction if its first commercial refinery and, following the end of the year ended April 30, 2018, Cielo completed construction for Phase I and began the Phase I commissioning stage. As Cielo progresses through this Phase

I commissioning stage, modifications to both design and construction intended to improve the processes continue to be made. Continued improvements have increased targeted outputs from 356 litres per hour to between 500 and 1,000 litres per hour. With respect to Phase II, management then determined that it would be more efficient to upgrade the current refinery to a greater capacity, targeting outputs of between 1,800 and 2,000 litres per hour, such that all Cielo refineries would produce at least at this rate at a minimum. More recently, management has increased its targeted outputs for refineries outside of the Aldersyde refinery to 4,000 litres per hour. The Company has decided that there is enough feedstock available at each new location announced to fabricate and commission two 2,000 lph refineries. However, upon review with engineering and contractors, it has been determined that it would likely be simple and more economical (capex) for Cielo to scale up to a single 4,000 lph from 2,000 lph in each new location.

In order to run the refineries on a continuous flow basis, and not in a two-step process, Cielo needs to be able to generate and maintain more heat throughout the reactor and distillation towers and ancillary equipment, which Cielo originally planned would be achieved by purchasing and installing a second boiler and re-engineering the existing boiler, which was indicated in the Management's Discussion and Analysis for the six-month period ended October 31, 2018. However, Cielo's internal engineering and design team analyzed and determined that it would be substantially more effective and efficient to move from a hot oil boiler to electric heat. Cielo's engineering team believes that electric heat has many advantages, some of which include much higher temperatures, less capex to purchase, ease of operations and precise temperature controls. The higher temperatures allow Cielo to substantially increase the biomass feedstock percentage, which will also increase production, hydrogen & renewable content, increase centane and greatly reduce the sulfur content. Cielo is focused on implementing this new electric system however the extra cost and time to do so has delayed the intended timeline for commercialization. Cielo is also currently focused on the desulfurization process. To date, the Company has produced approximately 50,000 liters of renewable naptha, kerosene, and high- grade diesel and is stored on site. It plans to sell a portion of the fuels, which contain sulfur, to interested parties, and to retain some of this inventory until it has been desulfurized. Cielo is working with a third- party desulfurization company as well as a large engineering firm to finalize this process. Meanwhile, Cielo is fabricating the desulfurization and polishing towers, such that when the two third parties provide the amount of sulfur medium required, Cielo will be ready to accept this and begin removing the sulfur.

During the year ended April 30, 2019, Cielo made notable strides in furthering the commercialization of its technology. Cielo announced the beginning of its commissioning process (June/July 2018), the first production of raw distillate made from wood waste feedstock (August 2018), the first conversion of raw distillate into renewable fuels, including naphtha, kerosene and diesel (November 2018) and its first sale of diesel (April 2019), selling 3,000 liters of diesel (the purchaser had committed to the purchase of 5,000 liters but acquired 3,000 liters prior to the year ended April 30, 2019, returning for an additional 3,000 liters for an aggregate 6,000 litres on or about May 2nd, 2019).

In the six months ended October 31, 2019, on July 11, 2019, Cielo held its Grand Opening, with close to 400 people attending. Dozens of tours were conducted showcasing its first refinery running on a continuous-flow basis, producing renewable diesel and naphtha. 100% of the garbage left at the site was collected, including plastic utensils, paper plates, plastic beer cups and food waste, all of which will be used as part of the supply of feedstock to produce more renewable diesel. During the Grand Opening, Cielo was able to demonstrate the ability of the Company's initial refinery to process waste on a continuous flow basis following the successful modification to an electric heat system and waste process. Since the Grand Opening, Cielo has added equipment to grind multiple feedstocks, which include plastics, and has also been commissioning the new equipment. Following these implementations, Cielo is expecting to be in continuous flow production early 2020. Cielo intends to start production at approximately 350lph and slowly ramp it up to 1,000lph. Early in 2020, Cielo plans to complete the final step of Phase I, which is the addition

of desulfurization equipment in the 1st or 2nd quarter of 2020. Once 1000lph has been reached, Cielo will begin Phase II at the refinery in Aldersey, which is the addition of extra equipment to increase the productivity to 2,000 lph. Highlights for the six-month period ended October 31, 2019 include:

1. Since the Grand Opening in July, the Company has been refining and honing the process and technology in preparation for consistent production, including the installation of instrumentation and automation components to allow for accurate measurements of both feedstock input and renewable fuel output. The majority of these design enhancements have been installed and are currently being tested and commissioned. Cielo's initial goal is to continuously produce distillate from wood waste, twenty-four hours a day, seven days a week ("24/7") until approximately 120,000 litres of distillate have been produced, which is approximately the amount required in order to pump the distillate from its storage tank to the naphtha and diesel towers. Thereafter, it is expected the Refinery will run on a continuous flow basis. Cielo hired four new refinery operators to its staff, who will be overseeing operations 24/7.

2. The new heater system that Cielo implemented to efficiently maintain the temperature in the refinery's reactor tower, disclosed in recent months, is working 100% and is proving to keep up with the Company's waste-to-fuel process. The waste recovery system is also now operating and proving to recover significantly more of the catalyst and hydrocarbons, which Cielo believes will increase production and reduce operational costs. Adding the pre-heat and sterilization step to the use of the Used Motor Oil has increased the renewable content of the renewable fuels that the Company will be producing.

3. Cielo received confirmation from a third-party laboratory that the Company's work on desulfurization has been successful and that the renewable diesel can be effectively processed onsite into what will be a saleable product for the highway grade blended mandated market. Cielo is very focused on this final step in the process. While Cielo is also working with a second desulfurization company, progress with has been slower than expected Management anticipates receiving their lab tests to be completed in early 2020, after which Cielo would be a in a position to decide which desulfurization technology is the best for Cielo's refineries.

4. As a result of the changes in the frontend process that were implemented, Cielo requires approval of an amendment to Cielo's current permit from Alberta Environment & Parks ("AEP") before full scale commercial production commences (*This approval was received in November 2019, for changes that relate to Cielo's proprietary design process, including the installation of electric heat on the exterior of the reactor, as well as to waste handling upgrades and other process enhancements that are now in place at the Company's refinery. Cielo's management is confident that these enhancements will result in the ability to convert larger volumes of waste into high grade renewable fuels on a continuous-flow-basis.)*.

5. In addition, Cielo applied to AEP to undertake a small-scale trial to process problematic single use PET and clamshell plastics at commercial scale. The Company recently submitted its trial plan to AEP

and expects to receive a response back shortly. PET Plastics are commonly used in bottles and other plastic containers. This includes clam shell containers, bottles, bakery products, peanut butter jars and even in frozen foods packaging. These plastics are hard to recycle and management believes they have become a problem for municipalities around the world to dispose of ever since China, the largest buyer of these materials, stopped taking them. Cielo has been in continued communication with AEP and is are expecting approval in early 2020.

6. July 30, 2019, the Company announced that it had entered into a binding Memorandum of Understanding with Renewable U Lethbridge Inc. ("Renewable U LA") for the territory of Lethbridge, Alberta. The terms are substantially the same as those set out in the four (4) previously announced joint venture memorandums of understanding.

See section entitled "Financial Transactions" for details of the Company's Convertible Debenture Offerings.

For further details of the terms and conditions of any above-referenced agreements or announcements, please review the Company's filings on SEDAR.

RESULTS OF OPERATIONS

Six Months Ended October 31, 2019 ("October 31, 2019 Interim Financial Statements")

The loss for the six months ended October 31, 2019 ($2,784,407), compared to the same period in 2018 ($1,464,514), was mainly a result of the increased activity related to the Phase I restart and commissioning of the Company's first commercial refinery, which required the engagement of additional personnel, as well as the securing of additional financing. In particular, the increase in loss was the combined result of the following operating expenditures: $261,962 for advertising and promotion(2108-$20,770), $363,131 for consulting fees (2018 - $172,638), $532,452 in development expense (2018-Nil), $164,313 for office administration expenses (2018 - $69,091), $572,369 for interest and accretion expense (2018-$287,453), $35,445 for trust and filing fees (2018 - $22,411), $92,188 of amortization on deferred finance charges (2018-$34,777).

Revenue for the six months ended October 31, 2019 was $3,000, compared to $NIL for the six months ended

October 31, 2018, as the Company has not yet begun earning revenues on a regular basis from ongoing production.

On October 31, 2019, the Company's main assets and liabilities were:

Cash - $326,963 (2018 - $323,121);
Prepaid expenses - $1,830,826 (2018 - $118,896);
Due From Affiliated companies $57,797 (2018-$Nil)
Inventory-$185,750 (2018-$65,959)
Property plant and equipment -$14,124,408 (2018-9,154,996)
Accounts payable and accrued liabilities - $3,971,525 (2018 - $2,459,799);
Due to Shareholder - $1,089 (2018 $467,254)
Short-term loans payable -$24,666 (2018 - $522,494)
Long-term loans payable, including convertible debts -$6,734,025 (2018-$3,219,500)

Royalty Payable-$805,089 (2018-$694,851)
Due to Affiliated companies -$Nil (2018 –$8,862)

QUARTERLY FINANCIAL INFORMATION

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

Quarterly Financial Information	31-Oct 2019	31-Jul 2019	30-Apr 2019	31-Jan 2019	31-Oct 2018	31-Jul 2018	30-Apr 2018	31-Jan 2018
Operating data:	$	$	$	$	$	$	$	$
Total revenue	-	3,000	3,000	NIL	NIL	NIL	NIL	NIL
Operating Expenses	1,637,993	1,077,518	336,065	1,235,968	823,102	641,415	338,248	5,026,990
Net Earnings (loss)	(1,637,993)	(1,146,414)	(332,593)	(890,080)	(823,656)	(719,846)	(338,462)	(5,015,078)
Balance sheet data:								
Total assets	16,650,152	15,985,207	11,926,972	10,224,292	9,917,865	7,356,269	5,472,723	4,449,278
Total current liabilities	5,651,749	4,146,503	5,825,468	3,680,158	4,214,243	1,956,282	1,734,108	1,137,352

Explanation of Quarterly Variances.

The loss for the three-month period ended October 31, 2019, which was $1,637,993, consisted of $102,229 of management fees (2018-$160,738), $106,515 of salaries and benefits (2018-$129,397), $343,979 of interest and accretion expenses (2018-$153,341), $68,876 of office and administrative expenses (2018-$33,226), $42,759 of amortization of property plant and equipment expenses (2018-$42,319), $111,416 of professional fees (2018-$110,575), $234,680 of consulting expenses ($137,707), $421,026 development expenses (2018-$nil), 103,064 of advertising and promotion (2018-$9,341), $61,504 of amortization on deferred finance charges (2018-$17,389) and $41,945 of other expenses (2018-$18,785), including, bank charges, bad debts agent fees and travel.

Revenue for the three months ended October 31, 2019 was $Nil, compared to $NIL for the 3 months ended October 31, 2018.

The increase in the loss for the three-month period ended October 31, 2019 ($1,637,939) (2018 – ($823,102) can be attributed to three main factors: 1) in 2019 the Company incurred $421,026 (2018 - $Nil) in development expense as it begins to restart and commission the plant in Aldersyde for production; 2) the

Company incurred increased interest and accretion expenses of $343,979 (2018-$153,341) attributed to interest charged on the convertible debentures issued in the same quarter; and 3), the Company had increased advertising and promotion expense ($103,064) compared to $9,341 in the same quarter in 2018 due to the Company hiring a firm to rebrand.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2019, the Company had $326,963 cash, and working capital deficit of $(3,126,006). The Company is not subject to external working capital requirements.

During the six months ended October 31, 2019, the Company used $1,502,290 in financing operating activities mainly due to increased losses due to increased development expense incurred while preparing production. The Company received $4,773,594 inflow from its financing activities mainly through the proceeds of the Convertible Debenture Unit Offerings (see "Financial Transactions" for more detail).

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.

FINANCIAL TRANSACTIONS

1. On May 7, 2019, the Company announced a private placement offering (the "A Convertible Debenture Offering") of convertible debenture units (the "A Convertible Debenture Units"). The A Convertible Debentures Units each consist of one (1) $1,000 unsecured convertible debenture (the "A Debentures") and 500 share purchase warrants (the "A Warrants"). The A Debentures bear

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

   Throughout the A Convertible Debenture Offering, Cielo issued 512.175 A Convertible Debenture Units, consisting of $5,121,750 in A Convertible Debentures, 2,560,625 A Warrants, and 15,363,750 A Prepaid Interest Shares, for aggregate gross proceeds of $5,121,750.

2. On October 11, 2019, the Company announced a private placement offering (the "B Convertible Debenture Offering", together with the A Convertible Debenture Offering, collectively the "Convertible Debenture Offerings") of convertible debenture units (the "B Convertible Debenture Units", together with the A Convertible Debenture Units, collectively the "2019 Convertible

Debenture Units"). The B Convertible Debentures Units each consist of one (1) $1,000 unsecured convertible debenture (the "B Debentures") and 500 share purchase warrants (the "B Warrants"). The B Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest prepaid (the "B Prepaid Interest", together with the A Prepaid Interest, collectively the "Prepaid Interest") on the date of issuance of the B Debentures (the "B Issue Date") by the issuance of common shares (the "B Prepaid Interest Shares", together with the A Prepaid Interest Shares, collectively the "Prepaid Interest Shares") at a price of $0.12 per B Prepaid Interest Share. The principal of the B Debentures (the "B Principal") together with all accrued interest exceeding the B

Prepaid Interest (the "B Interest Balance") will be repaid 48 months from the B Issue Date unless repaid earlier by the Company 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 $0.08 for the Principal and $0.12 for the Interest Balance.

As of October 31, 2019, Cielo issued 505 B Convertible Debenture Units, consisting of $505,000 in B Convertible Debentures, 252,500 Warrants, and 1,262,500 B Prepaid Interest Shares, for aggregate gross proceeds of $505,000.

Net proceeds of the Convertible Debenture Offerings have been and will be used to complete the commissioning of the Company's refinery in Aldersyde, Alberta, as well as for general working capital and marketing expenses.

Pursuant to the Convertible Debenture Offerings:

A. On May 6, 2019, the Company issued 3,024,000 common shares at a fair value of 241,920 using the closing trade price on the same date, to settle the prepaid interest portion associated with the A 2019 Convertible Debenture Units.
B. On May 31, 2019, the Company issued 2,361,000 common shares at a fair value of 177,075 using the closing trade price on the same date, to settle the prepaid interest portion associated with the A 2019 Convertible Debenture Units
C. On June 20, 2019, the Company issued 133,300 common shares as the result of the conversion of convertible debentures (issued in 2017) of $10,000 and accrued interest of $1,330.
D. On June 26, 2019, the Company issued 3,060,750 common shares at a fair value of 260,164 using the closing trade price on the same date, to settle the prepaid interest portion associated with the A 2019 Convertible Debenture Units.
E. On June 26, 2019, the Company issued 400,710 common shares as the result of the conversion of convertible debentures (issued in 2017) of $30,000 and accrued interest of $10,071.
F. On July 9, 2019, the Company issued 2,329,500 common shares at a fair value of 232,950 using the closing trade price on the same date, to settle the prepaid interest portion associated with the A 2019 Convertible Debenture Units.
G. On July 16, 2019, the Company issued 4,590,000 common shares at a fair value of 596,700 using the closing trade price on the same date, to settle the prepaid interest portion associated with the A 2019 Convertible Debenture Units.
H. On July 30, 2019, the Company issued 510,710 common shares at a fair value of $51,071 using the closing trade price on the same date, to settle debt of $166,060, which resulted in a no gain or loss.

I. On October 25, 2019, the Company issued 125,000 common shares at a fair value of 11,250 using the closing trade price on the same date, to settle the prepaid interest portion associated with the B 2019 Convertible Debenture Units.
J. On October 31, 2019, the Company issued 1,137,500 common shares at a fair value of 102,375 using the closing trade price on the same date, to settle the prepaid interest portion associated with the B 2019 Convertible Debenture Units.

The net proceeds of all of the financial transactions above were used as intended and disclosed, without variance. All net funds were used to pay fees such as legal, accounting, engineering, marketing, research and administration.

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.

Management compensation for the executive management/officers and directors during the six-month periods in the year ended October 31, 2018 and 2019 are disclosed as below:

6 months ended October 31, 2019

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	CEO & Director	$ -	$ 163,000	$ -	$ 129,131	$ 292,131
Shannon Wyzykoski	CFO	$ 70,059	$ -	$ -	$ -	$ 70,059
		$ 70,059	$ 163,000	$ -	$ 129,131	$ 362,190

6 months ended October 31, 2018

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	CEO & Director	$ -	$ 162,000	$ -	$ 175,350	$ 337,350
Shannon Wyzykoski	CFO	$ 90,375	$ -	$ -	$ -	$ 90,375
Chris Dovbniak	Director	$ 5,546[1]	$ -	$ -	$ -	$ 5,546

Michael Yeung	Officer- VP-Business Development and Capital Markets	$ -	$ 60,000	$ -	$ 131,513	$ 191,513
		$ 95,921	$ 222,000	$ -	$ 306,863	$ 624,784

(1) Technical consulting fees paid with respect to the construction in progress.

Office expense of $1,364 (2018 - $2,073), salaries and benefits of $26,902 (2018 - $23,828), rent expense of $5,422 (2018 - $5,668) and telephone expense of $408 (2018 - $384) were charged back to 1888711 Alberta Inc., a company related by officers and directors. A balance of $57,797 (2018 $13,456-owed by) is owed to 1888711 Alberta Ltd. and is included in GST and other receivable.

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties.

Accounts payable and accrued liabilities balances at October 31, 2019 outstanding to the CEO of the Company in the amount of $29,475 (2018 – 44,329).

Accounts payable and accrued liabilities balances at October 31, 2019 outstanding to a company owned by the CFO in the amount of $44,960 (2018 - $22,160). In the six-month period ending October 31,2019, the Company issued 30 2019 A 2019 Convertible Debenture Units (see section entitled "Financial Transactions") in exchange for $30,000 of accounts payable owed to this company.

A director of the Company received $Nil in fees (2018 - $5,546) as payment for services provided with construction of the Company's refinery in Aldersyde, Alberta.

Also, refer to Notes 8, 11, 12 and 13 of the Company's interim condensed financial statements for the six months ended October 31, 2019 for other related party transactions.

OUSTANDING SHARE DATA

As at October 31, 2019, the Company had 195,019,881 common shares, 42,926,802 warrants ("Warrants"), 3,195,000 finder/broker warrants ("Finder/Broker Warrants"), 10,240,000 stock options ("Options") and 4,750,000 Restricted Share Units ("RSUs") issued and outstanding.

As of the date of this MD&A, the Company has 223,426,604 common shares, 43,614,725 share purchase warrants (including 3,800,000 finder's warrants), 4,740,000 stock options (*5,500,000 expired on November 7, 2019*) and 4,750,000 RSUs issued and outstanding.

27,350,422 share purchase warrants, held by BJK Holdings Ltd., are exercisable at $0.1828 per share subject to further decrease in the case of further dilutive events and expire on November 2, 2022 or within earlier in the event that the indebtedness owing to BJK Holdings Ltd. is prepaid.

12,763,005 share purchase warrants are exercisable at $0.20 and expire between December 17, 2020 and April 18, 2022, subject to acceleration provisions.

2,813,375 share purchase warrants are exercisable at $0.25 and expire between May 6, 2023 and October 31, 2023, subject to acceleration provisions.

231,000 of the finder warrants are exercisable at $0.20 per share and expire on December 17, 2020. The remaining 2,964,000 finder warrants are exercisable at $0.10 and expire between May 6, 2023 and October

31, 2023.

The options are exercisable at $0.25 per share for a period of three years from the date of grant and vested immediately upon grant.

The RSUs were originally scheduled to vest at various times over a period of three years or less from the date of grant up to January 12, 2021, however the terms of the vesting periods were amended such that the RSUs

will vest 50% on January 12, 2020 and 50% on January 12, 2021, subject to earlier vesting and/or expiry in connection with the termination of an employment agreement.

CRITICAL ACCOUNTING ESTIMATES

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

CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Details are available in the October 31, 2019 notice to reader financial statements, which are available at www.sedar.com.

FINANCIAL INSTRUMENTS

Refer to Note 15 to the Company's financial statements for the six months ended October 31, 2019.

DIRECTORS AND OFFICERS

Don Allan	Director, CEO, President
Robin Ray	Director
Doug MacKenzie	Director
Chris Dovbniak	Director
Mel Angeltvedt	Director
Lionel Robins	Director (as of December 17, 2019)
Shannon Wyzykoski	CFO
Stuart McCormick	Vice President, Compliance and Regulatory Affairs

SUBSEQUENT EVENTS

A. On November 11, 2019, the Company announced that it had issued 300 B Convertible Debenture Units for gross proceeds of $300,000 (see section entitled "Financial Transactions").

B. On November 17, 2019, the Company announced that it had received approval from Alberta Environment and Parks ("AEP") to the changes the Company had requested to its permit.

C. On November 28, 2019 the Company announced that it had entered it into a Supply of Services Agreement with Canadian Pacific (TSX: CP) (NYSE: CP) that was approved on November 27, 2019 ("Agreement"). The Agreement is effective as of October 31, 2019 and will expire on October 31, 2025, and entitles Cielo to receive scrap rail ties from CP to use as feedstock in the production of high-grade renewable fuels, in one of its future follow-on waste to energy green refineries. Over the past approximately 18 months, Cielo has worked with CP to obtain a number of scrap rail ties for due diligence testing and has consistently achieved positive preliminary results.

D. On December 6, 2019, the Company announced that it had issued 437 B Convertible Debenture Units for gross proceeds of $437,000 (see section entitled "Financial Transactions").

E. On December 6, 2019 the Company announced it has agreed to settle amounts owing to certain of its contractors for an aggregate of $112,280 by the issuance of 1,247,556 common shares at a deemed price per share of $0.09.

F. On December 9, 2019, the Company announced that it was approved to trade on the OTCQB Venture Market ("OTCQB"), a United States trading platform that is operated by the OTC Markets Group in New York. Cielo's OTCQB trading symbol is CWSFF.

G. On December 17, 2019, the Company also announced the addition of Lionel Robins to the Board Of Directors.

ADDITIONAL INFORMATION

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