



CIELO

2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended January 31, 2026

1. INTRODUCTION

The following Management's Discussion and Analysis - Quarterly Highlights ("MD&A") of financial position and results of operations for Cielo Waste Solutions Corp. ("Cielo" or the "Company"), dated March 17, 2026 should be read in conjunction with the cautionary statement regarding forward-looking information below, as well as the audited condensed financial statements and notes for the years ended April 30, 2025 and 2024. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts in the following MD&A are stated in Canadian Dollars unless otherwise stated. This MD&A was approved and authorized for issuance by the Board of Directors of the Company on March 17, 2026.

All capitalized terms not otherwise defined in this MD&A have the meaning given to them in the condensed financial statements and notes for the three months ended January 31, 2026, and 2025 and the year ended April 30, 2025.

Certain statements contained in this MD&A are forward-looking information within the meaning of applicable Canadian securities laws relating to the Company. Please refer to the sections of this MD&A regarding the risks associated with "Forward-looking Information" and the section entitled "Risk Factors".

Cielo is a publicly traded company with its shares listed to trade on the TSX Venture Exchange ("TSXV") under the symbol "CMC", as well as on the OTCQB Venture Market under the symbol "CWSFF". Cielo was incorporated under the Business Corporations Act (British Columbia) on February 2, 2011.

Additional Information

Additional information and disclosure relating to the Company, can be found on the Company's website at <https://cielows.com/> and under the Company's profile on the SEDAR+ website at www.sedarplus.ca. Information contained in or otherwise accessible through the Company's website does not form part of this MD&A.

2. CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This MD&A contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable Canadian securities laws. Forward-looking information may relate to anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "plan", "target", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "believe", "predict", "potential", "scheduled", "estimates", "forecast", "projection". In addition, any statements

that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts nor assurances of future performance but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Management's expectations, estimates and projections are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. All forward-looking information in this MD&A is qualified by these cautionary statements. This MD&A contains forward-looking information, which is subject to a number of risks and uncertainties, including, among others, the Company's ability to obtain financing on acceptable terms or at all, market conditions, commodity price and demand dynamics, project execution risks, and applicable regulatory and permitting requirements. The forward-looking information in this MD&A includes, but is not limited to:



Forward-looking statements	Assumptions	Risk factors
<p>Cielo's ability to meet its working capital needs at the current level.</p> <p>Cielo's expectation to incur further losses in the development of its business.</p> <p>Cielo's intention and ability, upon commercialization, to expand domestically and internationally, and the requirements in order to progress to one or more full scale commercial facilities.</p> <p>The Company's strategy being based on sourcing equipment and systems from third parties under vendor arrangements, and the reasons therefor, and the Company's intention to continue to review additional technologies (in addition to the Gasification Technology).</p> <p>The Company's short term and long term objectives; the first commercial project being "Project Nexus", including but not limited to technology to be used, location, timing/phases/steps/milestones, and costs; the "Nexus Platform" being a long-term objective of the Company and Project Nexus being a flagship and foundation therefor; and the goals associated with and the impacts of Project Nexus and the Nexus Platform, including but not limited to enhanced resource efficiency, reduction of environmental impact, and the strengthening of economic fundamentals.</p> <p>The Company's foundational pillars being feedstock supply, technology selection and offtake agreements; the types of fuels to be produced at the Company's future facilities and related considerations and approaches; Gasification Technology.</p> <p>The grants and tax credit programs that may be available to the Company and the Company's intention to actively pursue the foregoing.</p> <p>The Company's pursuit of financing opportunities and strategies to mitigate going concern risks.</p> <p>The Proposed Transaction, including the ability to negotiate and enter into definitive agreements, the anticipated timing to close, and the expected impact on the Nexus Platform.</p> <p>The SPFA, including the parties' ability to negotiate and enter into definitive agreements, the anticipated structure and financing approach for Project Nexus, and the Company's ability to advance Project Nexus under the SPFA or otherwise.</p>	<p>Cielo's belief that waste-to-fuel is a commercially viable and integral part of the future energy sector.</p> <p>The operating activities of Cielo for the next twelve months, and the costs associated therewith, will be consistent with Cielo's current expectations.</p> <p>Debt and equity markets, exchange and interest rates and other applicable economic conditions are favorable to Cielo.</p> <p>Minimizing environmental impact through technology, while meeting energy market needs is, and will continue to be, a worldwide focus, and that Cielo will be an integral part of this trend through ongoing research, and the future commercialization of its operations.</p> <p>Cielo will be eligible for tax credits and/or grants and that they will be generally available as needed.</p> <p>Ongoing worldwide desire to better the environment; that Cielo will continue investing in infrastructure to support growth, including obtaining and retaining key personnel; that funding and support will continue through strategic partnerships and funding.</p> <p>That the Company's financial condition and development plans related to the Company's projects do not change as a result of unforeseen events; that market conditions that affect the Company, generally, do not change; the regulatory climate in which the Company operates and the laws and policies applicable to Cielo, its business, do not change; the Company's ability to execute on its business plans; the availability and cost (if applicable) of feedstocks to be used in its projects; the capacity of the facilities to be constructed; the ability of future facilities to operate as and for such duration(s) as anticipated, without unplanned stoppages or shut-downs; the ability of the Company to secure financing generally for its business and proposed projects on commercially reasonable terms or at all; the ability of the Company to sell the fuels produced by the facilities in a timely manner at commercially reasonable rates; the ability of the Company to secure tipping fees related to feedstocks; existing agreements and new agreements with third parties will be reasonable and enforceable and the relationships with such parties will continue as intended, including without limitation the ability of the Company to secure appropriate technologies for its future projects as and when needed and on commercially reasonable terms.</p>	<p>There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. A detailed description of the risks and uncertainties pertaining to the Company's operations and proposed operations can be found in the Section of the Company's management's discussion and analysis (the "Annual MD&A") accompanying the Company's annual audited financial statements for the years ended April 30, 2025 and 2024, entitled "Risk Factors". Such risks and uncertainties include, among others, risks relating to project development and execution, such as the Company's ability to achieve key Project Nexus development milestones, including Final Investment Decision ("FID"), the availability of financing on acceptable terms or at all, counterparty and contractual risks, permitting and regulatory approvals, and commodity price and demand dynamics.</p>

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that management considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or

achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risks factors described under the heading entitled "Risk Factors" in this MD&A and in the Annual MD&A.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-

looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above, and the risks described in greater detail in "Risk Factors" in this MD&A and the Annual MD&A and should be considered carefully by readers. These risk factors should not be construed as exhaustive. Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Forward-looking information is provided in this

MD&A for the purpose of giving information about management's current expectations and plans and allowing investors to get a better understanding of our operating environment. Readers are cautioned that it may not be appropriate to use such forward-looking information for any other purpose.

The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A (or as the date they are otherwise stated to be made) and are subject to change after such date. Except as specifically required under applicable securities laws in Canada, Cielo assumes no obligation to publicly update or revise any forward-looking information to reflect new information, events or circumstances that may arise after March 17, 2026. All forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

3. CORE BUSINESS OVERVIEW

Formation

Cielo Waste Solutions Corp. ("Cielo" or the "Company") is a publicly traded company with its shares listed on the TSX Venture Exchange ("TSXV") under the symbol "CMC", as well as on the OTCQB® Venture Market, under the symbol "CWSFF". The registered office of the Company is located at Suite 2700, 1133 Melville Street, Vancouver, British Columbia, Canada V6E 4E5. The principal office of the Company is located at Suite 2500, 639 5th Avenue S.W. Calgary AB, T2P 0M9.

On July 29, 2021, the Company incorporated a wholly owned subsidiary, Cielo Fort Saskatchewan Corp., to acquire the land and hold the assets for a future proposed facility in Fort Saskatchewan, Alberta. Subsequent to July 29, 2021, the financial statements include the accounts of the Company and its wholly owned subsidiary. In June 2023, the Company amalgamated with its wholly owned subsidiary under the Business Corporations Act (British Columbia).

Strategic Intent

Cielo is focused on converting waste into usable fuels through economically and environmentally sustainable solutions. Its mission is to develop scalable, commercially viable projects, which are feedstock-driven, and that contribute to a more circular and lower-carbon economy.

The Company has refined its strategic approach to emphasize execution and flexibility. Rather than concentrating on the development or ownership of proprietary technologies and the related intellectual property, the Company intends to pursue sourcing and integrating proven equipment and systems from third-party vendors that are best suited to the Company's, and each project's, specific requirements.

This shift in focus is intended to allow Cielo to:

- Select and acquire through vendor arrangements technologies based on feasibility, performance and scalability;
- Implement infrastructure projects that process waste into fuel across varied feedstocks and locations;
- Apply financial innovation to support project development and long-term sustainability; and
- Diversify revenue streams, including fuel sales, tipping fees, and environmental credits.

Business Model

The Company intends to launch its first commercial project, "Project Nexus" ("Project Nexus") in British Columbia, as further described in this MD&A. Project Nexus is expected to serve as the Company's flagship facility and the foundation for a scalable clean energy infrastructure model the Company plans to develop for future projects, to be referred to as "Nexus Platform" (the "Nexus Platform"). The concept of the Nexus Platform is intended to represent a strategic shift from operating a limited number of standalone assets based on a single technology to a disciplined, integrated approach capable of supporting multiple projects across diverse jurisdictions and sectors, with an initial focus on Canada. The Nexus Platform reflects a broader transformation in the Company's operating model, emphasizing disciplined execution, integrated performance, and strategic focus.

In connection with the Company's Nexus Platform strategy, subsequent to the quarter end, the Company announced that it had executed a binding letter of intent (the "LOI") with Canadian Discovery Ltd. ("CDL") regarding a proposed acquisition (the "Proposed Transaction"). The Proposed Transaction contemplates, among other things, the acquisition by the Company of certain assets intended to support the Company's

internal technical, economic modelling and project evaluation capabilities. Under the LOI, the proposed purchase price for the assets is approximately \$2.6 million, to be satisfied through the issuance of common shares of the Company at a deemed price of \$0.15 per share. In connection with the Proposed Transaction, the Company also announced a concurrent financing, which subsequently closed on February 27, 2026, on the terms described in Section 15 (Subsequent Events).

The Proposed Transaction is intended to support the Company's broader Nexus Platform development efforts by adding project evaluation resources that may be utilized for future project identification, screening and planning. The Proposed Transaction is not expected to be required for Project Nexus, which has advanced through its own project evaluation and development activities. The Proposed Transaction remains subject to, among other things, the negotiation and execution of definitive agreements and the satisfaction of customary closing conditions, including any required regulatory and third-party approvals, and there can be no assurance that the Proposed Transaction will be completed on the terms proposed or at all. See Section 4 (Outlook and Milestones) and Section 15 (Subsequent Events).

The Company's business model continues to be structured around three foundational pillars, consistent with its prior business model. The key evolution lies in the strategic shift away from proprietary technology and related intellectual property development toward the sourcing and deployment of commercially ready equipment and systems from third party-vendors:

1. **Feedstock Supply:** The Company's feedstock-to-renewable-gas strategy is anchored by long-term agreements with feedstock suppliers, under which suppliers will pay tipping fees for the disposal of waste materials. These agreements provide both a reliable input stream and a revenue-generating mechanism.
2. **Technology Selection:** Project-specific technologies will be selected based on technical feasibility, economic viability, and compatibility with the intended feedstock. The Company continues to evaluate proprietary and third-party technologies to optimize performance and scalability.
3. **Offtake Agreements:** The Company intends to secure long-term offtake agreements with purchasers of the processed renewable gas, sustainable aviation fuel (SAF) or hydrogen, ensuring predictable revenue streams and market access for its end products.

Technology

Current Approach

During the year ended April 30, 2025, and in the subsequent period, the Company made a strategic decision to relocate its first planned commercial waste-to-fuel facility for processing scrap railway ties to British Columbia. This decision was driven primarily by prevailing market conditions. In conjunction with the relocation, the Company also refined its fuel production

strategy: the first project, Project Nexus, will focus on the production of sustainable aviation fuel (SAF), which is expected to deliver strong long-term economic and environmental benefits under current conditions. For future projects, the Company intends to remain flexible and will pursue the fuel product—whether Renewable Natural Gas, Green Hydrogen, Renewable Diesel, Sustainable Aviation Fuel, or others—that best aligns with the specific economic and operational conditions of each project.

In preparation for the development of Project Nexus, the Company's sustainable aviation fuel facility in Prince George, British Columbia, the Company has identified and is in the process of securing commercialized gasification technology through a vendor arrangement with a private Canadian corporation. The gasification technology, which has been assessed by an independent third-party consultant and validated through the Company's own due diligence process, is technically capable of converting biogenic feedstock, including railway ties and other woody biomass, into syngas. The syngas would then be further processed through an integrated refining pathway, also anticipated to be secured through a separate vendor arrangement, to produce sustainable aviation fuel. The facility design incorporates carbon capture and storage infrastructure targeting a negative carbon intensity rating. While final commercial terms and economic modeling are being completed, preliminary analysis supports the cost-effectiveness of the selected technology configuration. The Company will continue to evaluate additional technologies that align with the operational and commercial requirements of its project pipeline, consistent with its technology-independent development approach.

Prior Licensed Technologies

In November 2023, the Company acquired an exclusive license from Expander Energy Inc. ("Expander") in Canada for all materials to an Enhanced Biomass to Liquids (EBTL™) (the "EBTL Technology") and Biomass Gas to Liquids (BGTL™) technology (the "BGTL Technologies", collectively the "Licensed Technologies"), as well as an exclusive license in the United States to use the Licensed Technologies for creosote and treated wood wastes (the "Expander Transactions").

In April 2025, the Company entered into a settlement agreement with Expander, which was amended and restated in July 2025, which provided for the effective unwinding, to the extent possible, of the Expander Transactions, including the relinquishing by Cielo of the Licensed Technologies. Cielo completed the settlement payment in November 2025. For additional details, see Section 10 of this MD&A (Asset Acquisitions and Dispositions).

Project Nexus

Project Nexus is designed to convert waste streams - including creosote-treated railway ties, woody biomass, and agricultural residues - into low-carbon fuels such as sustainable aviation fuel (SAF), with future development targeting bio-methanol. By tailoring technology and project design to the specific feedstock and site conditions, the Company aims to enhance resource efficiency, reduce environmental impact, and strengthen the economic fundamentals of each project.

Project Nexus is in the development stage and has not reached final investment decision ("FID") or commenced construction or operations. For additional details regarding Project Nexus, including development milestones and timing expectations, see Section 4 of this MD&A (Outlook and Milestones).

Subsequent to the quarter end, the Company announced that it had entered into a non-binding Strategic Partnership Framework Agreement dated March 1, 2026 (the "SPFA") with Tano T'enneh Enterprises ("TTE"), a wholly owned enterprise of the Lheidli T'enneh Nation, to collaboratively evaluate and advance Project Nexus on land to be acquired by TPG within Lheidli T'enneh Nation territory in British Columbia. The SPFA establishes a non-binding framework for the parties to advance Project Nexus toward negotiating and executing definitive agreements, while preserving the Company's rights to the

concept of Project Nexus and its ability to pursue Project Nexus elsewhere if it does not proceed with TTE or within Lheidli T'enneh Nation territory. The SPFA is non-binding and the matters contemplated thereby remain subject to, among other things, feasibility results, financing availability and terms, regulatory approvals, and the negotiation and execution of definitive agreements, and there can be no assurance that any definitive agreements will be negotiated or executed or that Project Nexus will proceed on the contemplated terms or at all. For additional details, see Sections 4 (Outlook and Milestones), 5 (Prospective Financing Opportunities), and 15 (Subsequent Events).

4. OUTLOOK AND MILESTONES

Strategic Objectives and Project Milestones

The Company's long-term objective is to establish itself as a clean infrastructure developer operating under a scalable platform model to be developed and to be referred to as the Nexus Platform. Following the launch of Project Nexus, the Company intends to implement additional projects. These projects will leverage the development and refinement of the broader Nexus Platform.

Management is focused on further building the Nexus Platform through disciplined additions to the Company's internal project evaluation and development capabilities. Subsequent to the quarter end, the Company announced the Proposed Transaction. If completed, management expects the Proposed Transaction to expand the Company's internal project evaluation and development capabilities and to be incorporated into the Company's growing Nexus Platform. Management intends to advance the Proposed Transaction toward closing in April 2026, subject to the satisfaction of customary closing conditions, including the negotiation and execution of definitive agreements and any required regulatory and third-party approvals. See Section 3 (Core Business Overview – Business Model) and Section 15 (Subsequent Events) for additional details, including the financing that closed on February 27, 2026.

Project Nexus

In addition to the development of the Nexus Platform, the Company's focus is the execution of Project Nexus, which is intended to serve as a commercial facility (the "Facility") and a key project supporting the Nexus Platform strategy. With legacy matters largely resolved and capital requirements under active review, the Company believes it is positioned to advance the Nexus Platform through the successful delivery of Project Nexus.

The Company has identified Prince George, British Columbia for the Facility and is in the process of completing site due diligence before advancing to the pre-FEED (Front-End Engineering Design) stage, including preliminary engineering and technology integration. The province was selected as the site of the first Facility based on strategic considerations. British Columbia offers logistical advantages for feedstock and

offtake delivery, proximity to the Company's head office, as well as access to provincial and federal grants and tax credits that support project development and sustainability initiatives (see Section 5 [Prospective Financing Activities] for additional detail).

To support the execution of Project Nexus, the Company has engaged a dedicated project lead with extensive experience in the oil and gas sector. In addition, the Company plans to engage additional specialized consultants as and when required to navigate key technical, financial (including grant applications), and regulatory requirements and milestones.

Subsequent to the quarter end, the Company announced that it had entered into the SPFA with TTE in respect of Project Nexus. The SPFA is intended to support continued evaluation and advancement of Project Nexus toward definitive agreements, including in relation to site arrangements and potential project structuring and financing pathways. See Section 3 (Core Business Overview – Project Nexus), Section 5 (Prospective Financing Opportunities), and Section 15 (Subsequent Events) for additional details.

The total estimated cost of Project Nexus as at the date of this MD&A is approximately CAD \$300 million, subject to further refinement as the Company advances through each milestone.

The Company has identified the following key milestones for Project Nexus, subject to further review and refinement in consultation with its technical, financial, and regulatory advisors:

Milestone	Target Timeline (Calendar Quarters)	Description
Conceptual Design	Q3 2025	Early-stage development activities including market analysis, technology evaluation, site selection, stakeholder engagement, conceptual design, and execution of key agreements related to technology supply, offtake commitments, and feedstock supply.
Pre-FEED (Front End	Q4 2025	Commencement of preliminary front-end engineering and design, source second-step

Milestone	Target Timeline (Calendar Quarters)	Description
Engineering and Design)		technology to convert syngas to renewable natural gas and/or hydrogen.
FEED (Front End Engineering and Design)	Q3 2026	Commencement of detailed front-end engineering and design and procurement of long-lead equipment.
Final Investment Decision (FID)	Q4 2027	Following FID, major site construction commences.

5. PROSPECTIVE FINANCING OPPORTUNITIES

To support its strategic objectives and meet increasing financial obligations associated with the advancement of Project Nexus and the Nexus Platform development, the Company must secure adequate funding. In addition to raising capital through equity and/or debt offerings, the Company intends to leverage a range of non-dilute options, including government funding initiatives and incentive programs.

The Canadian Clean Fuels fund is a federal initiative providing up to \$50 million per project to de-risk capital investments in clean fuel production, including hydrogen, renewable diesel, and sustainable aviation fuel.

The Company intends to actively pursue eligibility and participation in these initiatives to optimize its capital structure and accelerate the development of Project Nexus. If secured, these programs will provide non-dilutive opportunities for Cielo to significantly reduce capital requirements and enhance project economics as Project Nexus advances. Additional funding opportunities may include:

- **Clean BC Industry Fund:** A provincial program investing in industrial decarbonization and electrification projects, with recent funding rounds allocating \$35 million to support clean tech innovation across British Columbia.
- **Strategic Innovation Fund:** A federal program offering repayable and non-repayable contributions to transformative projects in clean technology and advanced manufacturing, covering up to 50% of eligible costs.
- **BC Low Carbon Fuel Standard (LCFS) Initiative Agreement Program (formerly known as Part 3 Agreements):** BC has updated its low-carbon fuel framework through the enactment of the Low Carbon Fuels Act, replacing the previous Part 3 Agreements under the Renewable and Low Carbon Fuel

Requirements Regulation with the new Initiative Agreement Program. These Initiative Agreements, which are designed to support the development and deployment of low-carbon fuel projects, such as Cielo's BC hydrogen and renewable natural gas initiative in British Columbia, by awarding compliance credits that can be monetized or used to offset costs. Combined with programs such as the CleanBC Industry Fund, Initiative Agreements may provide a strong lever to reduce capital requirements and improve project returns.

In addition, the Company continues to evaluate project-level financing pathways for Project Nexus, including potential structures that may reduce upfront equity requirements and leverage available government programs and incentive regimes.

Subsequent to the quarter end, the Company announced that it had entered into the SPFA with TTE in respect of Project Nexus (see Section 3 of this MD&A [Core Business Overview – Project Nexus]). The SPFA contemplates that Project Nexus could be owned and financed through a limited partnership structure in which TPG could hold up to 51% of the units, representing majority Indigenous ownership. The Company intends to explore a financing structure with TTE that may include British Columbia Low Carbon Fuel Standard incentives, Indigenous loan guarantee programs, Canada Infrastructure Bank financing, Clean Fuels Fund funding, and investment tax credits. Any such project structure and financing remain subject to, among other things, feasibility results, financing availability and terms, regulatory approvals, and the negotiation and execution of definitive agreements, and there can be no assurance that any such structure or financing will be available on acceptable terms or at all.

6. LIQUIDITY AND FINANCIAL CONDITION

Going Concern Uncertainty

Cielo has not yet completed development nor generated revenue from its planned commercial operations and has accumulated losses of \$178,830,249 as of January 31, 2026 and generated losses of \$2,824,157 for the nine-month period ended January 31, 2026.

Cielo will require additional capital to fund its own costs, including the advancement of its projects, such as Project Nexus, and the Nexus Platform, as well as corporate activities over the next year and beyond. In addition, funding will be required to meet short-term debt obligations as they become due and otherwise to address working capital shortfalls. To meet these requirements, the Company is actively evaluating a range of financing options. These may include the issuance of equity or debt securities, the formation of strategic partnerships or other commercial arrangements, and the pursuit of available

grants and government credits, however, there is no assurance that these initiatives will be successful or sufficient to meet the Company's capital needs.

The Company has not achieved planned commercial operations and its ability to continue as a going concern is dependent on its ability to generate revenue and positive cash flow from operating activities, and its ability to obtain additional financing to fund the cost of projects and other corporate activities. These matters create material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Management is actively pursuing strategies to mitigate these risks, but there can be no assurance that such efforts will be successful.

7. 2025 FINANCIAL OVERVIEW

During the nine months ended January 31, 2026 cash increased by \$167,013 due to funds raised by issuing securities through private placements for \$2,587,500 which was offset by use of proceeds for on-going general and administrative costs.

Net cash from investing activities was \$130,465 for the nine months ended January 31, 2026, due to the release of a restricted investment.

Cash provided through financing activities was \$2,516,676 for the nine-month period ended January 31, 2026, primarily due to the closing of private placements for \$2,587,500.

Total assets increased by \$57,809 as of January 31, 2026, compared to April 30, 2025, due to cash proceeds received from the closing of private placements and release of restricted funds by Environment & Protected Areas (EPA) Alberta.

Total liabilities decreased by \$2,691,013 as of January 31, 2026, compared to April 30, 2025, primarily due to the securities for debt settlements of \$856,175, settlement payment of \$748,209 and convertible debentures of \$800,000 throughout 2026 fiscal year.

Working capital increased approximately \$2,059,062 in the nine months ended January 31, 2026. As of January 31, 2026, the Company had a net working capital deficit of \$1,977,653 (April 30, 2025, working capital deficit of \$4,036,715).

See Section 9 of this MD&A (Financing Activities) for additional information.

Financial Overview

As at	January 31 2026	April 30 2025
Total assets	316,232	258,423
Total liabilities	3,532,021	6,223,034
Total non-current liabilities	1,238,136	1,927,896
Working capital deficiency	(1,977,653)	(4,036,715)

	Three months ended January 31		Nine months ended January 31	
	2026	2025	2026	2025
Financing costs	-	63,559	295,619	303,444
General and administrative	515,919	415,969	1,425,001	1,806,210
Research and development	-	11,666	-	141,102
Share based compensation	57,693	68,589	173,079	313,766
Depreciation and amortization	-	179,628	-	2,926,208
Impairment of property, plant and equipment	-	-	-	7,704,444
Impairment of intangible assets	-	25,001,500	-	28,397,551
Loss (gain) on settlement of debt with shares	-	122,089	930,458	(17,725)
Net loss per share – basic & diluted	(0.003)	(0.21)	(0.02)	(0.34)

For the three months ended January 31, 2026, the Company had a net loss of \$573,612, which consisted of general and

administrative of \$515,919 and share based compensation of \$57,693.

Finance Costs

	Three months ended January 31		Nine months ended January 31	
	2026	2025	2026	2025
Interest on loans	-	63,559	154,000	262,000
Accretion of Loans	-	-	110,240	41,444
Accretion of Debentures	-	-	31,379	-
Accretion on lease	-	-	-	-
Total	-	63,559	295,619	303,444

Summary of Quarterly Results

Fluctuations in net loss for each quarter generally relate to the amounts of financing, impairment and share based compensation expenses the Company incurred during the respective quarter. The business of Cielo, when in commercial production, is expected to exhibit some seasonality and cyclicity due to overall consumption patterns of refined products, broad macro-economic activity, and extenuating events. Low carbon fuels act as both substitutes and measures to reduce carbon intensities of fossil fuels. Seasonal increases in demand for heating oil can increase diesel prices as refiners

may produce more heating oil to meet demand. In addition, broad economic conditions, and geopolitical instability, can impact the consumption of fuels. In some cases, consumer preferences and rates of adoption of low carbon fuels may partially or completely offset any declines as a result of broad economic declines.

The table below summarizes Cielo's financial results for the last eight fiscal quarters:

	Jan 31, 2026	Oct 31, 2025	Jul 31, 2025	Apr 30, 2025
Revenue	-	-	-	-
Net loss	573,612	207,544	2,043,001	12,449
Net loss per share	0.003	0.001	0.01	0.10
	Jan 31, 2025	Oct 31, 2024	Jul 31, 2024	Apr 30, 2024
Revenue	-	-	-	-
Net loss	25,863,000	13,498,000	2,226,000	2,993,000
Net loss per share	0.21	0.13	0.02	-

For the three months ended January 31, 2026, the Company had a net loss of \$573,612 million, which consisted of general

and administrative of \$515,919 and share based compensation of \$57,693.

Liquidity and Capital Resources

Working Capital

Cielo's primary objective in managing liquidity and capital resources is to maintain adequate funding to support the commercialization of its projects, including the prioritization of the achievement of Final Investment Decision (FID) stage for each project, which is critical to unlock additional financing opportunities specific to that project.

As the Company works to advance its strategic initiatives, it remains in the pre-commercial stage and has not yet generated sufficient operating cash flows to support its planned growth. Additional capital will be required to meet near-term obligations, including short-term and working capital needs, as well as to sustain progress on project development and corporate priorities.

Management is actively pursuing financing alternatives, which may include equity or debt issuance, strategic partnerships, and access to government programs. The availability and success of these efforts are subject to various external factors, including commodity price volatility, macroeconomic conditions, and the Company's ability to demonstrate technical and commercial viability through its ongoing development activities. See Section 5 (Prospective Financing Opportunities) for additional information regarding potential funding sources and financing pathways.

Cash Flow Summary

The following table summarizes the Company's sources and uses of funds for the nine months ending January 31, 2026, and 2025:

					Nine months ended January 31	
			2026	2025		
Operating activities			(2,480,128)	(727,586)		
Financing activities			2,516,676	563,000		
Investing activities			130,465	(145,000)		

Operating Activities

Net cash used in operating activities was \$2,480,128 for the nine months ending January 31, 2026. The cash used in operating activities was used to fund general and administrative.

Investing Activities

Net cash proceeds in investing activities were \$130,465 for the nine-month period ended January 31, 2026, related to the release of restricted investments from Environmental and Protected Areas (EPA) Alberta.

Financing Activities

Net financing proceeds of \$2,516,676 for the nine-month period ended January 31, 2026, was primarily from the closing of unit offerings through private placements and the exercise of warrants, offset by share issuance costs.

Off-Balance Sheet Arrangements

As of January 31, 2026, Cielo did not have any off-balance sheet arrangements in place that would materially impact its financial position or results of operations.

8. OUTSTANDING SECURITIES SUMMARY

The number of securities issued and outstanding are:

As at	March 17, 2026
Issued & Outstanding	192,189,920
Options Outstanding - Vested & exercisable	1,580,779 ¹
Broker Warrants	534,889 ²
Warrants Outstanding and Exercisable	119,438,295 ³
Convertible Debentures	3,250,000 ⁴
Total Outstanding (Diluted)	321,729,530
Options Outstanding – unvested	512,825 ¹
DSU's outstanding – unvested	140,000
Total Securities outstanding (Fully diluted)	322,382,355

1. Exercisable between \$0.30- \$3.00 per share, expiring between December 31, 2026, and April 11, 2029.
2. Exercisable between \$0.07 and \$1.05 per share expiring between July 8, 2027, and November 7, 2027.
3. Exercisable at between \$0.09 and \$1.875 per share, expiring between March 22, 2026, and February 27, 2031.
4. Convertible at \$0.40 per share for 24 months, expiring on April 4, 2026.

4,285,648 warrant exercisable at \$1.875 per share will expire in March 2026 and 3,700,000 warrants exercisable at \$0.70 will expire in April 2026.

9. FINANCING ACTIVITIES

The following financing activities occurred in the three months ended January 31, 2026

a) Private Placement Unit Offering (November 2025)

On October 9, 2025, the Company announced a non-brokered private placement financing for gross proceeds of up to \$2,000,000 through the issuance of up to 40,000,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share of the Company and one whole Common Share purchase warrant of the Company, each Warrant entitling the holder thereof to purchase one Common Share at a price of \$0.07 per Common Share for a period of two (2) years from the date of issuance. Net proceeds of the Unit Offering are anticipated to be used for the development and early-stage engineering of Project Nexus, including regulatory and incentive application work, as well as general working capital purposes.

The Unit Offering closed on November 7, 2025. 29,325,000 units were issued for gross proceeds of \$1,466,250. The Units were subject to a statutory hold period expiring on March 8, 2026.

In connection with the Offering, the Company paid aggregate cash finder's fees of \$5,500.00 and issued 40,000 finder's options. Each Finder's Option entitles the holder to purchase one Common Share at an exercise price of \$0.05 per share for a period of 24 months from the closing date of the Offering.

b) Private Placement Unit Offering (July/August 2025)

On May 13, 2025, the Company announced a non-brokered private placement financing for gross proceeds of up to C \$3,000,000 through the issuance of up to 60,000,000 units (each a "Unit, collectively the "Units") at a price of \$0.05 per Unit (the "Unit Offering"). Each Unit is comprised of one common share of the Company (each, a "Common Share") and one whole Common Share purchase warrant (each, a "Warrant") of the Company, each Warrant entitling the holder thereof to purchase one Common Share at a price of \$0.07 per Common Share for a period of two (2) years from the date of issuance. Net proceeds of the Unit Offering are anticipated to be used for the development and early-stage engineering of Project Nexus, including regulatory and incentive application work, as well as general working capital. The first tranche of the Unit Offering closed on July 25, 2025. 17,725,000 Units were issued for gross proceeds of C \$886,250. The Units issued under the first Tranche are subject to a statutory hold period expiring on November 26, 2025. No finder fees were paid in connection with the First Tranche.

The second tranche of the Unit Offering closed on August 15, 2025 (the "Second Tranche"). 4,700,000 Units were issued for gross proceeds of \$235,000. The Units issued under the Second Tranche were subject to a statutory hold period expiring on December 16, 2025. No finder fees were paid in connection with the Second Tranche.

c) Share Issuances and Cancellations

On December 22, 2025, the Company cancelled 4,597,517 common shares in connection with the settlement with Expander (see Section 10 "Asset Acquisitions and Dispositions").

d) Royalty Repayment Extension

Pursuant to an early warrant exercise incentive program in 2018 (the "Program"), 451,666 warrants were exercised early in exchange for a \$19.6825 per warrant fixed rate royalty.

Royalty certificates were issued to the participants dated July 3, 2018, indicating a payment deadline of July 3, 2020. The Company obtained the requisite approval of the royalty holders to delay the payment deadline as a result of delayed operations, production, and revenues, initially until July 3, 2022, a second time to January 3, 2024, a third time 2024 to July 3, 2024. As no further extensions have been obtained, the Company is in default of its payment of obligation, however an Event of Default (as defined by the terms of the royalty certificates) has not occurred, which requires a formal notice from royalty holders holding at least 66.67% of the royalties. An Event of Default must occur in order for royalty holders to enforce their rights under the royalty certificates.

Once production and sales begin, the Company is required under the royalty terms to allocate 10% of gross sales to the payment of the royalties.

The Company is exploring its options with respect to the timing and method of repayment of the outstanding amounts.

10. ASSET ACQUISITIONS AND DISPOSITIONS

Licensed Technology Acquisition

On September 15, 2023, the Company executed a technology purchase agreement, which was amended and restated on November 8, 2023 (the "Technology Acquisition Agreement"), whereby it agreed to pay a purchase price of \$45,323,785 by issuing 60,431,714 common shares of the Company (the "Consideration Shares") at an agreed price of \$0.75 per Consideration Share in exchange for the Licensed Technologies and related assets (the "Acquired Assets"), as well as certain obligations.

Also, upon closing, Cielo and Expander executed a license agreement (the "License Agreement") setting out the terms of the licenses granted by Expander to Cielo for the use of the Licensed Technologies.

On closing, the Company issued 85% of the Consideration Shares to Expander, Expander's directors and officers (the "Expander Insiders") and Expander's other shareholders. 25% of the Consideration Shares that were issued on closing, which are held by Expander and the Expander Insiders, were deposited into escrow for periodic release, the last of which was completed on November 9, 2024.

The remaining 15% of the Consideration Shares were held back for issuance upon the expiration of an indemnification period (the "Indemnification Period") and subject to certain conditions, each as set out in the Technology Acquisition Agreement. The Indemnification Period expired and the remaining Consideration Shares were issued on December 10, 2024.

Disposition of Licensed Technologies and Legal Proceedings

In April 2025, the Company entered into a settlement agreement (the "Settlement Agreement") with Expander and certain other parties, including directors, officers, affiliates and shareholders of Expander (collectively the "Settlement Parties"), which provided for the effective unwinding, to the extent possible, of the Expander Transactions (the "Unwinding").

In April 2025, prior to the execution of the Settlement Agreement, Expander and certain of the Settlement Parties had initiated legal proceedings against the Company in relation to the License Agreement and the Service Agreements (as defined below) (the "Claims"). During the same period, the Company received a shareholder meeting requisition notice pursuant to Section 167(1) of the *Business Corporations Act* (British Columbia) (the "Requisition") from Expander following Cielo's announcement of April 1, 2025, of its intention to hold an annual general meeting in June 2025 in accordance with applicable corporate laws.

The Company engaged in a resolution process with Expander and certain of the Settlement Parties and reached a settlement.

Under the terms of the Settlement Agreement:

- Expander and the other parties to the Settlement Agreement other than Cielo (the "Settlement Parties") agreed to surrender for cancellation a minimum of approximately 40 million and a maximum of approximately 60 million common shares of Cielo ("Common Shares" and such shares,

the "Settlement Shares") issued in connection with the Expander Transactions.

- All agreements between Cielo and the applicable Settlement Parties, including Expander, including the License Agreement and several service agreements ("Service Agreements") between the Company and the applicable Settlement Parties, including Expander, were to be terminated and the Company agreed to relinquish its interest in the Licensed Technologies and related assets.
- The applicable Settlement Parties, including Expander, agreed to dismiss and/or discontinue all legal proceedings against Cielo.
- Cielo agreed to pay an aggregate amount of C\$748,208.79 (the "Payment") to the applicable Settlement Parties, including Expander, in full and final satisfaction of all and any outstanding fees owing by the Company.

In addition, effective April 29, 2025, Expander withdrew the Requisition and the Settlement Parties, including Expander, agreed to a customary 18-month standstill related to, among other things, soliciting proxies and voting of securities of Cielo.

On July 16, 2025, the Company and the Settlement Parties, including Expander, executed an amended and restated settlement agreement (the "Amended Settlement Agreement") following the Company's inability to make the Payment within the time set out in the Settlement Agreement, and closed the Unwinding.

Under the terms of the Amended Settlement Agreement:

- On closing, 39,950,761 Settlement Shares were surrendered and cancelled. The Settlement Parties

may, but will not be obligated to, surrender an additional approximately 20 million Settlement Shares on or before December 31, 2025, for cancellation.

- All agreements between Cielo and the applicable Settlement Parties, including the License Agreement and the Service Agreement were terminated and the Company relinquished its interest in the Licensed Technologies and related assets.
- Cielo issued a promissory note and general security agreement in favour of certain of the Settlement Parties, including Expander, in an aggregate amount of C\$748,208.79 (the "Payment"), in full and final satisfaction of all and any outstanding fees owing by the Company.

In July 2025, the Company cancelled 39,750,761 of the Settlement Shares as a result of the Unwinding. The stated capital associated with the cancelled Settlement Shares was reduced accordingly. An additional 200,000 shares were cancelled subsequently in September 2025.

On November 7, 2025, the Company completed the payment of \$784,474.61, which included the settlement amount and related interest.

On December 22, 2025, the Company cancelled an additional 4,597,417 common shares of the Company, which were surrendered by Expander under the terms of the Settlement Agreement.

11. RELATED PARTY TRANSACTIONS

Management Fees

As of January 31, 2026, management fees of \$310,177 remained outstanding and payable in respect of CEO and CFO contractor services provided.

As the Company remains in a pre-revenue stage, management has elected from time to time to defer their consulting fees in whole or in part. These fees have been previously, and may continue to be, settled over time through a combination of cash payments and securities issuances (securities for debt). The purpose of the deferral is for the preservation of cash resources for research and development initiatives and general working capital.

Participation in Financing

Subsequent to the quarter end, certain officers of the Company participated in the Financing (as described in Section 15 of this MD&A (Subsequent Events)) and acquired Units on the terms as other subscribers.

12. SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the unaudited condensed consolidated interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with IFRS requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, income, and expenses. Estimates and judgments are evaluated each reporting period and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are subject to inherent risk of uncertainty and actual results may differ from these estimates and assumptions, please refer to Note 4 in the audited consolidated financial statements for the years ended April 30, 2024, and

2023; and Note 4 in the unaudited condensed consolidated financial statements for the periods ended October 31, 2024, and 2023. Significant estimates are used for, but not limited to, the measurement of the fair value less costs of disposal for the impairment valuation.

New Accounting Standards and Interpretations

There have been no new accounting standards and interpretations issued by the IASB that have a material impact on the Company's condensed consolidated interim financial statements for the three-month periods ended October 31, 2024.

13. RISK FACTORS

Investment in the securities of Cielo involves numerous and significant risks. Investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's annual audited financial statements and management's discussion and analysis for the years ended April 30, 2025, and 2024, available on SEDAR+ at www.sedarplus.ca for a description of these risk factors. In addition to the risks described in the Annual MD&A, the Company's current strategic focus on Project Nexus and the Nexus Platform and the subsequent events described in Section 15 of this MD&A give rise to additional risks and uncertainties that could adversely affect the Company, including as indicated below.

Risks relating to the Company's ability to advance Project Nexus to Final Investment Decision ("FID"), including completion of FEED and satisfaction of key financing, commercial and regulatory conditions:

Final Investment Decision ("FID") represents the point at which the Company and its project partners would formally commit to proceed with construction of the Project Nexus facility. FID is expected to follow completion of Front-End Engineering Design ("FEED"), which establishes the project's technical scope and capital cost estimate to a level of accuracy sufficient to support financing commitments. There can be no assurance that FID will be achieved. Achieving FID is contingent upon, among other things, completion of FEED, securing project financing on acceptable terms, finalization of commercial agreements, regulatory approvals, and alignment with the Company's Indigenous equity partner. If the Company is unable to achieve FID (or experiences delays in achieving FID), Project Nexus may be delayed, modified, or not proceed, and the Company may be unable to access project-level financing or other funding sources on acceptable terms or at all. In addition, the Company may incur significant costs in advancing Project Nexus toward FID (including engineering, permitting, procurement and commercial structuring costs) and such costs may not be recoverable if FID is not achieved

14. DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited interim condensed consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim condensed consolidated financial statements, and (ii) the unaudited interim condensed consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in

Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual

filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). 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 are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer 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.

15. SUBSEQUENT EVENTS

Proposed Asset Acquisition

On February 11, 2026, the Company announced the Proposed Transaction. The Proposed Transaction remains subject to, among other things, the negotiation and execution of definitive agreements and the satisfaction of customary closing conditions, including any required regulatory and third-party approvals, and there can be no assurance that the Proposed Transaction will be completed on the terms proposed or at all. See Sections 3 (Core Business Overview – Business Model), 4 (Outlook and Milestones) and the "Private Placement of Units" subsection of this Section 15.

Private Placement of Units

On February 27, 2026, the Company completed the closing of the non-brokered private placement financing previously announced in connection with the Proposed Transaction (the "**Financing**"). Pursuant to the Financing, the Company issued 16,666,667 units (the "**Units**") at a price of \$0.06 per Unit for aggregate gross proceeds of \$1,000,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant (each, a "**Warrant**"), with each Warrant entitling the holder to purchase one additional common share at an exercise price of \$0.15 per share until February 27, 2031. The Units are subject to a statutory hold period expiring on June 28, 2026. No proceeds of the Financing will be used to fund the purchase price or consideration payable in connection with the Proposed Transaction. As previously disclosed, certain principals of CDL participated in the Financing. The Financing remains subject to final acceptance of the TSXV. As certain insiders of the Company participated in the Financing, such participation constituted a "related party transaction" for the purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

Strategic Partnership Framework Agreement (non-binding)

Subsequent to the quarter end, the Company announced that it had entered into the SPFA with TTE in respect of Project Nexus. The SPFA is non-binding and remains subject to feasibility results, financing and regulatory approvals, and the negotiation and execution of definitive agreements. See Section 3 (Core Business Overview – Project Nexus), Section 4 (Outlook and Milestones), and Section 5 (Prospective Financing Opportunities) for additional details.



CIELO

EMAIL : investors@cielows.com

PHONE : (403) 348-2972

2500, 639 – 5 AVE SW

CALGARY, ALBERTA

T2P 0M9

TSXV: CMC

OTCQB: CWSFF