CIELO WASTE SOLUTIONS CORP.

(Formerly Cielo Gold Corp.)

Financial Statements

Jan. 31, 2015

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited financial statements have been prepared by management, and were not reviewed by the Company’s independent auditor.

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp)

Statements of financial position

(Expressed in Canadian Dollars)

	Note	Jan. 31, 2015	April 30, 2014
		$	$
Assets			
Current Assets			
Cash		1,032	12,931
GST and Other receivable		364,091	264,133
Prepaid expenses		25,000	60,000
Total Current Assets		390,123	337,064
Intellectual property assets		5,120,000	620,000
Total Assets		5,510,123	957,064
Liabilities and Shareholders' Equity			-
Current Liabilities			
Accounts payable and accrued liabilities		388,413	309,268
Short-term loans payable		1,247,351	728,444
		1,635,764	1,037,712
Long Term Liabilities			
Long-term loans payable		182,572	182,752
	5	1,818,336	1,220,284
Shareholders' Equity			
Share capital	6	6,534,842	1,657,836
Shares subscribed but not issued			25,000
Contributed Surplus		730,790	730,790
Deficit		(3,573,845)	(2,676,846)
		3,691,787	(263,220)
		5,510,123	957,064

See accompanying notes to financial statements

Nature and continuance of operations and basis of presentation(Note 1 and 2)

Approved and authorized for issue by Management on March 31, 2015

"Don Allan " - - - *"Robin Ray"*

Director Director

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)

Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three Months Ended Jan. 31		**Nine Months Ended Jan. 31**	
	2015	2014	2015	2014
Expense				
Consult	21,500	65,368	146,768	268,184
Office and Administration	125,098	187,632	641,659	372,864
Professional fees	0	83,457	32,599	99,385
Share-based Compensation	----	----	----	----
Trust and filing fees	55,825	3,578	75,973	13,941
Loss before other items	(202,423)	(340,035)	(896,999)	(754,374)
Interest Income	----	----	----	----
(Gain)Loss on foreign exchange	----	----	----	14
Gain(loss) from investments	----	----	----	----
Net loss and comprehensive loss for the period	(202,423)	(340,035)	(896,999)	(754,388)
Loss per share, basic and diluted	(0.01)	(0.01)	(0.02)	(0.03)
Weighted average number of outstanding common shares	49,143,079	49,143,079	49,143,079	28,969,372

See accompanying notes to financial statements

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)
Statements of changes in equity
(Expressed in Canadian Dollars except for number of shares)

	Note	Number of outstanding shares	Share capital	Shares Subscribed	Contributed Surplus Share-based compensation	Contributed Surplus Debt Discount	Warrants	Deficit	Total shareholders' equity
			$		$	$		$	$
Balance April 30, 2013		23,583,372	869,586		686,554		40,000	(1,583,989)	12,151
Shares Issued for Exercising of Warrants		2,000,000	100,000		40,000		(40,000)		100,000
Shares Issued for Technology Investment		2,000,000	500,000						500,000
Shares Issued for Settlement of Debt		113,000	28,250						28,250
Net Loss for the Period								(414,353)	(414,353)
Balance January 31, 2014		28,696,372	1,747,836		726,554	----		(2,338,377)	136,013
Balance April 30, 2014		28,696,372	1,657,836	25,000	688,496	42,294		(2,676,846)	(263,220)
Private Placement (1st Tranche)		1,130,334	169550	(25,000)					144,550
BHBD Asset Acquisition		18,000,000	4,500,000						4,500,000
Private Placement (2nd Tranche)		675,334	92,800						92,800
Shares Issued for Debt Conversion		110.000	35,000						35,000
Private Placement (3rd Tranche)		344,543	51,681						51,681
Shares Issued for Debt Conversion		186,496	27,974						27,974
Net Loss for the Period								(694,576)	(694,576)
Balance January 31, 2015		49,143,079	6,534,841	----	688,496	42,294	----	(3,573,845)	3,691,787

See accompanying notes to consolidated financial statements

Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)

Statements of cash flows

(Expressed in Canadian Dollars)

	Nine months ended January 31, 2015	2014
	$	$
Cash (used in) provided by:		
Operating activities		
Loss for the period	(896,999)	(754,388)
Items not involving cash		
Loss from investments	--	--
Changes in non-cash operating working capital		
Other receivable	(99,958)	10,842
Accounts payable and accrued liabilities	62,283	91,103
Loans from Affiliated Companies	(33,137)	363,887
Prepaid expenses	35,000	(1,200)
Cash used in operating activities	(932,811)	(289,756)
Financing activities		
Increase (decrease) in note payable	518,907	140,963
Share Issuance for cash	314,031	878,250
Share issuance for debt	62,974	----
Share issuance for IP Asset	4,500,000	----
Shares issued but not subscribed	25,000	----
Cash provided by financing activities	5,420,912	1,019,213
Investing activities		
Issuance of Shares for investment	(4,500,000)	(750,000)
Deferred exploration expenditures	-	----
Cash used in investing activities	(4,500,000)	(500,000)
Increase (decrease) in cash	(11,899)	(20,543)
Cash, beginning of period	12,931	25,048
Cash, end of period	1,032	4,505

See accompanying notes to financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Cielo Gold Corp. ("Cielo" or the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2011 as a wholly owned subsidiary of Arris Holdings Inc. ("AHI"). and changed its name to Cielo Waste Solutions Corp. on August 12, 2013 to more clearly identify its focus on renewable diesel and waste solutions. Pursuant to an arrangement agreement with AHI dated March 1 2011 and the supplement to the arrangement agreement dated June 9, 2011, (collectively the "Arrangement Agreement"), the Company spun out from AHI and became a reporting issuer after the Arrangement Agreement became effective on June 9, 2011 ("Effective Date'). Commencing August 3, 2011, the Company's common shares started trading on Canadian National Stock Exchange ("CNSX") under the Symbol CMC. The principal and registered office of the Company is located at 8338-120 St. Surrey, B.C. V3W 3N4

Originally a mineral property acquisition and development company, a change in the board of directors in June 2013 resulted in a new direction for the Company. The Company's strategic focus has turned to the refining of municipal and construction waste into a renewable diesel fuel.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At January 31, 2015, the Company had not yet achieved profitable operations, had accumulated losses of $3,573,845 since its inception, and had a working capital deficit of ($1,245,641) which may not be sufficient to sustain operations over the foreseeable future. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The Company's continuing operations, as intended, and its financial success may be dependent upon the successful commercial start-up of its renewable diesel refinery and the economic viability of developing any such additional refineries.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") and in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC").

b) Basis of preparation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION (Continued)

The financial statements were authorized for issue by Management on March 31, 2015.

(b) Basis of preparation

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgements and estimates. The financial statements include judgements and estimates which, by their nature, are uncertain. The impacts of such judgements and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Determination of functional currency</u>

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

<u>Share-based payments</u>

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the expected volatility of its own shares, the expected life of stock options granted, the estimated number of stock options expected to vest and the expected time of exercise of those stock options. The model used by the Company is the Black-Scholes option pricing valuation model.

b) Cash and cash equivalents

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at January 31, 2015 $1,032and 2014 $12,931, there was $Nil included as cash equivalents.

c) Shared-based payments

The Company operates an employee stock option plan. Share based payments to employees are measured at the fair value of the instruments issued and amortized over the relevant vesting periods. Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using a Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

d) Deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

e) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Other receivable	Loan and receivable
Accounts payable and accrued liabilities	Other liabilities
Short-term and long-term loans payable	Other liabilities

g) Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss). Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

h) New standards not yet adopted

The following standards have been issued but are not yet effective:

(i) Financial instruments

The IASB has issued IFRS 9 - Financial Instruments ("IFRS 9") which intends to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments. The IASB tentatively decided to defer the mandatory effective date until January 1, 2018 with earlier adoption still permitted. The Company will evaluate the impact the final standard will have on its financial statements based on the characteristics of its financial instruments at the time of adoption.

(ii) Levies

The IASB issued IFRIC 21 - Levies ("IFRIC 21"), an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

(iii) Impairment of assets

The IASB issued amendments to IAS 36 - Impairment of Assets ("amendments to IAS 36"). The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

The Company is currently evaluating the impact of the above standards on its financial performance and financial statements disclosures but expects that such impact will not be material.

4. INTELLECTUAL PROPERTY ASSETS

The Company entered into the Interim Agreement dated January 17, 2013 and the amended Interim Agreement dated June 12, 2013 with Blue Horizon Bio-Diesel Inc. ("BHBD") whereby the Company would purchase intellectual property assets from BHBD by issuing 18,000,000 common shares of the Company. Cielo initially announced that, pursuant to the Initial Agreement, it would acquire all assets of BHBD for $4.5 million CAD. The purchase price was increased on July 18, 2014, as a result of the inclusion of the Alberta Bio-Diesel Producer Credit Program (BPCP), which was not included in the initial assessment. On July 18, 2014, the Company entered into the asset purchase agreement (the "Agreement") relating to the previously announced proposed acquisition of intellectual property assets from BHBD. The Agreement allowed the Company to acquire the assets including all right, title and interest in and to the intellectual property in the new technology for use in its business. The agreed purchase price was $5.25 million and the total cost of the acquisition was paid for through the issuance of a total of 21,000,000 common shares of the Company. As at April 30, 2014, a total of three instalments of 3,000,000 shares at fair values of $620,000 had been issued to BHBD. The remaining 18,000,000 common shares were issued to BHBD on July 17, 2014. Pursuant to the Agreement, the Company has also assumed certain liabilities of BHBD equal to $1,500,933.30.

5. LOANS PAYABLE

The balance of short-term loans payable as at January 31, 2015 is comprised of the following:
$330,645 in loans from third parties (2014 - $8,857). These loans are due on demand with interest at 0% to 18%(Prime plus 10%) per annum. A total of $966(2014 - $NIL) in interest on these loans has been accrued as at January 31, 2015.

$254,226 in loans from a director of the Company and companies related by a common director (2014 - $140,963). These loans are non-interest bearing and due on demand.

The balance of long-term loans payable as at January 31, 2015 is comprised of the following:
$100,000 in loan from a company related by a common director (2014 - $NIL). This loan is 0% interest bearing until May 1, 2016 and 5% interest bearing on any unpaid principal amount starting from May 1, 2016, and a maturity date with May 1, 2016.

(Expressed in Canadian dollars)

6. SHARE CAPITAL

a. Authorized: unlimited number of common shares without par value
unlimited Class B preferred shares without par value (iii)

b. Issued and Outstanding:

	Number of Common Shares	Amount ($)
Balance as at the first year ended April 30, 2011	**1**	**1**
Balance April 30, 2012	23,583,372	869,586
Balance April 30, 2013	23,583,372	869,586
Balance April 30, 2104	28,696,372	1,657,836
Private Placement	**2,150,211**	**314,032**
BHBD Asset Acquisition	**18,000,000**	**4,500,000**
Shares Issued for Debt Conversion	**296,496**	**62,974**
Balance as at January 31, 2015	**49,143,079**	**6,534,842**

The Company has not issued preferred shares since inception; thus did not have preferred shares outstanding as at January 31, 2015.

7. STOCK OPTION

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 20% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On April 17, 2014 ("the Grant Date"), the Company granted incentive stock options to an investor relation consultant to purchase up to an aggregate total 280,000 common shares at a price of $0.25 per share. The options shall be vested at the rate of 25% per quarter with the earned dates being July 17, 2014 / October 17, 2014 / January 17, 2015 / April 17, 2015 and expire on April 17, 2017.

(Expressed in Canadian dollars)

7. STOCK OPTION (continued)

	Number	Weighted average exercise price
Balance, April 30, 2013	4,191,674	$ -
Issuance	280,000	0.25
Expired/cancelled	4,191,674	-
Balance, April 30, 2014	280,000*	0.25
Issuance	-	-
Expired/cancelled		0.25
Balance, January 31, 2015	280,000*	$ 0.25

*On July 17, 2014 and October 17, 2014 the first and second quarter of options vested but have not been exercised.

The Company used the Black-Scholes option pricing model and the following assumptions to determine the fair values of the stock options described above: risk-free interest rate of 1.00 %, dividend yield of 0%, expected volatility of 80%, forfeiture rate of 0% and expected life of 2 years. The stock-based compensation recorded for the vested options during the period ended January 31, 2015 was $NIL (2014 - $NIL).

8. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere in the accompanying financial statements are as follows:

Other receivable balances at January 31, 2015 were outstanding from members of management of the Company and a company related by a common director in the amount of $247,490 (2014 - $NIL).

Accounts payable and accrued liabilities balances at January 31, 2015 were outstanding to officers and directors of the Company in the amount of $92,282 (2014: $NIL).

Management fees of $289,085 (2014 - $NIL), office expense of $11,616 (2014 - $4,445), rent expense of $38,150 (2014 - $5,000), consulting expense of $146,768 (2014 - $268,184) and telephone expense of $2,471 (2014 - $1,165) were paid and or are payable to a company related by a common director and officers and directors of the Company.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties

9. CAPITAL DISCLOSURES

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

The Company has not changed its approach in managing its capital since the period ended January 31, 2015.

10. FINANCIAL INSTRUMENTS

Risk Management
The Company's financial instruments consist of cash, other receivable, accounts payable, accrued liabilities, and short-term loans payable; the fair values of which are considered to approximate their carrying value due to their short-term maturities or ability of prompt liquidation. The long-term loan payables were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 5% per annum.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Strategic and operational risks are risks that arise if the Company fails to develop a renewable fuel refinery and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors which might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is subject to normal industry credit risks. Therefore, the Company believes that there is minimal exposure to credit risk.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2015, the Company had cash balance of $1,032, working capital deficit of $1,245,641. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS (CONTINUED)

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. For every one % change in the prime borrowing rate in Canada, the impact to the Company's financial statements for the period ended January 31, 2015 is not significant.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollar. Therefore, the Company's exposure to currency risk is minimal.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at January 31, 2015 and 2014:

	As at January 31, 2015		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	1,032	-	-

	As at January 31, 2014		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	4,505	-	-
Investments	-	-	-

11. SUBSEQUENT EVENTS

A) On February 27, 2015, Cielo entered a loan agreement with Sanjay Mehrotra for Twenty Four Thousand Five Hundred Dollars ($24,500.00). The loan interest rate is 12% per annum commencing on March 19, 2015 and is due and payable on December 31st, 2015.