



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE PERIOD ENDED  
JULY 31, 2015**

**CIELO WASTE SOLUTIONS CORP. (FORMERLY CIELO GOLD CORP.)**  
**Management's Discussion and Analysis**  
**Three Months Ended July 31, 2015**

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**Notice to Reader**

The following is management's discussion in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (formerly Cielo Gold Corp.) (the "Company" or "Cielo") for the period ended July 31, 2015 and should be read in conjunction with the Company's interim financial statements for the same period ("July 31, 2015 Interim Financial Statements") and the audited financial statements for the most recent year ended April 30, 2015. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at [www.sedar.com](http://www.sedar.com).

**Forward Looking Statements**

The information presented in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward-looking statements" or "forward-looking information" (collectively "forward-looking statements") as those terms are used in the Private Securities Litigation Reform Act of 1995 and similar Canadian laws.

These forward-looking statements also include, but are not limited to, factors that may affect our ability to achieve our objectives and to successfully develop and commercialize our renewable diesel refineries..

Such forward-looking statements, including but not limited to those with respect to the price of renewable fuels, the timing and amount of estimated future economic and viability of refining projects, capital expenditures, costs and timing of refining projects, permitting timelines, title to refining projects, the timing and possible outcome of pending refining projects and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

**Date of Report**

The information in this report is presented as of September 29, 2015.

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**ABOUT CIELO**

Cielo was incorporated on February 2, 2011 as a wholly-owned subsidiary of Arris Holdings Inc. ("AHI") for the purpose of mineral property acquisition and development. The Company was an exploration stage company whose principal business was the exploration and development of mining properties.

The Company spun out from AHI and became a reporting issuer after the corporate restructuring between AHI and Cielo became effective on June 9, 2011. Commencing August 3, 2011, the Company's common shares started trading on the Canadian National Stock Exchange under the Symbol CMC.

On August 23, 2013 Cielo Gold Corp. changed its name to Cielo Waste Solutions Corp. This was due to a project change of business away from mining exploration and focusing on renewable diesel refining.

On April 15, 2014 Cielo announced that it had received approval from the Canadian Securities Exchange (the "CSE") of its fundamental change of business, which had also been approved by a majority of the shareholders of the Company.

**CORPORATE OVERVIEW AND OVERALL PERFORMANCE**

On March 17, 2014, the Company announced that it has taken steps in changing its business, originally a gold mining Company, to renewable diesel refining. The Board of Directors and management of the Company believes that it has the technology that can allow it to quickly enter the fast and growing waste industry by refining landfill municipal and commercial waste into a high quality renewable diesel. Cielo has identified opportunities throughout the world and is poised to capitalize on these and local opportunities very quickly.

Cielo is working diligently on the renewable fuels market demands. Cielo and the Red Deer County have had various communications regarding the Integrated Processing and Transfer Facility (IPTF) and Renewable Fuel facility. Subject to financing, Cielo is now prepared to move forward with this endeavor and is working on finalizing the location, whether at the Red Deer County or a different location.

Cielo has signed an engineering service agreement to do the final stages of pre-engineering in April 2015. There are 7 phase of engineering to complete before Cielo can move forward with commercialization. As of June 22, 2015 the engineering group has completed phase one. It is expected phase 7 will be completed early in 2016.

**Going concern**

Renewable fuels are becoming big policy and big business as countries around the world look to decrease petroleum dependence and reduce greenhouse gas (GHG) emissions in the transportation sector. After more than a decade of healthy growth for conventional renewable fuels like ethanol and biodiesel, the next wave of advanced renewable fuels is currently on the cusp of commercial scale-up. Renewable fuels have already helped the world achieve a tangible reduction in emissions as global CO2 emissions are forecast to rise by as much as 50 per cent over the next 25 years.

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The success of the Company is largely dependent upon factors beyond its control. These factors raise substantial doubt about the Company's ability to continue as a going-concern.

Management is actively monitoring the operations to ensure the Company has adequate liquidity and capital to meet its obligations and long term business objectives. The Company has a history of raising funding through equity financing when needed. However, there is no guarantee the Company can do so in the future.

#### Asset Acquisition

On January 17, 2013, the Company entered into an interim agreement (BHBD Interim Agreement) with Blue Horizon Bio-Diesel Inc. ("BHBD"), whereby Cielo intended to purchase certain assets in respect of BHBD's renewable-diesel processing and refinery business (the "BHBD Business"). The purchase price was \$4,250,000 plus the assumption of certain liabilities in respect of the BHBD Business.

On June 4, 2013 Cielo amended the BHBD Interim Agreement and announced that, pursuant to the Initial Agreement, it would acquire all assets of BHBD for \$4.5 million CAD.

On July 18, 2014 Cielo announced the execution of the asset purchase agreement (the "Agreement") relating to the previously announced proposed acquisition of intellectual property assets from Blue Horizon Bio-Diesel Inc. ("BHBD"). The purchase agreement allowed Cielo 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 final 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 million common shares valued at \$0.25. A total of three instalments of 3 million shares were already transferred to BHBD pursuant to the initial interim agreements (the "Initial Agreements"). The remaining 18 million shares were issued through a onetime stock issuance on July 18, 2014. Pursuant to the Agreement, Cielo has also assumed certain liabilities of BHBD equal to CAD \$1,500,933.30. The purchase price was increased as a result of the inclusion of the Alberta Bio-Diesel Producer Credit Program (BPCP), which was not included in the initial assessment.

#### Contracts

The Company announced on June 12, 2014 that it had signed a 10 year offtake agreement with a Seattle based renewable diesel buyer for all of its renewable diesel output for the first 7 refineries that go into production. The buyer has guaranteed a minimum price of \$1.30/liter with a Right Of First Refusal to match any higher price the Company can receive.

The Company has been aggressively moving the technology forward. On November 1, 2014 the Company signed an engineering management agreement with a private consulting firm to implement the final stages of engineering. On December 1, 2014 the consulting firm hired a Falling Apple Solutions to begin the final seven stages of engineering. These include 3rd party evaluation of the new technology and catalyst, patent filings and design engineering.

On January 31, 2015 the Company decided in the best interest of the company, it should move forward in search of a different consulting company and canceled the existing contract with the private company.

On April 8, 2015 the Company signed a consulting and service agreement with a very qualified engineering and management consulting group. This consulting group is a related transaction having one director on both companies. The first goal for this company was to get a contract signed with Falling Apple

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Solutions. On the same day, the agreements between the two companies were signed and engineering begun immediately.

At the time of this report, Falling Apple Solutions have completed phase one and have started phases 2 and 3 of the seven stages of engineering. Falling Apple Solutions believe they should be done all seven phases of the engineering by late January. Once the seven phases are completed the Company is hoping to start construction on the first commercial renewable diesel refinery.

**RESULTS OF OPERATIONS**

**Three Months Ended July 31, 2015 ("2015 Three Months Interim")**

Loss for the three month period ended July 31, 2015 was (\$151,234) in (2014 – loss of \$333,651). The loss was mainly the combined result of incurring operating expenditures of \$8,550 in consulting fees (2014 - \$42,000), \$99,041 in professional fees (2014 -\$11,073), \$6,986 in trust and filing fees (2014 - \$12,130), \$36,657 for office administration (2014 - \$269,448).

Consulting fees were paid to individuals who are not officers or directors of the company. The main component of the office and administration expenditure of \$36,657 was rent charged for its office and management fees. Cielo moved its operational offices to the warehouse that houses the demonstration plant in January, 2015. As a result, office and administration, and the total operating expenditures are lower for the three month period ended July 31, 2015 compared to those for the same period of 2014. It is the Company's intention to curtail expenses to preserve cash until the Company is able to obtain further financing to finance its long term business objectives.

On July 31, 2015, the Company's main assets and liabilities were:

Cash - \$26,711 comparing to \$42,631 at 2014;  
Prepaid expenses - \$4,950 (2014 - \$45,000);  
Accounts payable and accrued liabilities - \$585,754 (2014 - \$220,394);  
Due to Shareholder \$2,394,156 (2014 – \$255,480)  
Due to Affiliated companies \$1,936,852 (2014- \$760,535)

The decrease in cash was mainly a combined result of paying down debt, moving expenses and engineering costs.

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**QUARTERLY FINANCIAL INFORMATION**

The following is a summary of selected quarterly information that has been derived from the audited financial statements of Cielo. This summary should be read in conjunction with audited financial statements of Cielo as contained in the public record.

Quarterly Financial Information	July 31	Apr 30	Jan 31	Oct 31	July 31	Apr 30	Jan 31	Oct 31	July 31
	2015	2015	2015	2014	2014	2014	2014	2013	2013
<b>Operating data:</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	NIL	NIL							
Operating Expenses	151,234	382,434	202,423	360,925	333,651	338,483	340,035	318,912	95,428
Net Earnings (loss)	(151,234)	(382,434)	(202,423)	(360,925)	(333,651)	(338,483)	(340,035)	(318,926)	(95,428)
<b>Balance sheet data:</b>									
Total assets	5,867,313	5,776,202	5,510,123	5,545,261	5,543,748	957,064	755,705	526,810	86,869
Total current liabilities	3,128,252	3,142,433	1,635,764	1,468,479	1,185,697	1,037,712	114,842	300,762	170,146

**Explanation of Quarterly Variances.**

The loss of \$(151,234) for the three months ended July 31, 2015 (2014 – loss of \$333,651) consisted of \$8,550 for consulting fees (2014 - \$42,000), \$36,657 office administration expenses (2014 - \$268,448), \$99,041 professional fees (2014 – \$11,073), and \$6,986 trust and filing fees (2014 - \$12,130).

Revenue for the three months ending July 31, 2015 was \$NIL, compared to \$NIL for the three months ended July 31, 2014.

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**LIQUIDITY AND CAPITAL RESOURCES**

As at July 31, 2015, the Company had \$26,711 cash, and working capital deficit of \$2,981,872. The Company is not subject to external working capital requirements.

During three months ended July 31, 2015 the Company had \$73,927 net cash inflow/outflow from its financing activities.

**OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

**CONTINGENCIES / LEGAL PROCEEDINGS**

The Company does not have any legal proceedings

**FINANCIAL TRANSACTIONS**

- A. On June 6, 2014 Cielo announced a non-brokered private placement (the "Offering") up to \$2,000,000 in units (the "Units"), at a price of \$0.15 per Unit. Each Unit consists of one common share of the Company (each the "Common Share") and one-half of one warrant (each the "Warrant"). Each full Warrant entitles the holder to purchase one Common Share for a period of twenty-four months at a price of \$0.25 per Common Share. On June 27, 2014, Cielo closed the first tranche of 1,130,335 Units. On July 23, 2014 Cielo closed the second tranche of 785,334 Units. An amount equal to \$14,000 of the Second tranche was a shares for debt transaction. On August 29, 2014, Cielo closed the third tranche of 531,039 Units. An amount equal to \$27,974 of the Third tranche was a shares for debt transaction. On June 23, 2015 Cielo closed the offering by issuing another 2446,707 Units.
- B. On April 9, 2015 Cielo announced a non-brokered private placement offering of up to CAD \$250,000 in secured convertible debentures, with a minimum subscription of \$25,000 per subscriber. The Convertible Debentures will mature two (2) years from the date of issuance, carry an interest rate of 12.5% per annum, and be convertible at the option of the holder at a price of \$0.10 per common share of Cielo. Cielo closed the first tranche of this Private Placement for total proceeds of \$100,000. On July 16, 2015 Cielo also announced that it has closed the second tranche of this Private Placement for total proceeds of \$100,000. Together with the proceeds of the first tranche (\$100,000), the Company has raised a total of \$200,000. The Company announces that it will continue the Convertible Debenture Offering and increase the maximum to CAD \$350,000. The subscribers of the Convertible Debenture Offering are aware of and have no issue with such increase.

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**TRANSACTIONS WITH RELATED PARTIES**

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties. Details are available in the Note 5 and Note 11 to the July 31, 2015 Interim Financial Statements.

**OUTSTANDING SHARE DATA**

As of July 31, 2015, the Company has 49,574,412 common shares, 1,448,247 warrants and 280,000 stock options issued and outstanding.

As of the date of this MD&A, the Company has 49,574,412 common shares, 1,448,247 warrants and 280,000 stock options issued and outstanding.

**CRITICAL ACCOUNTING ESTIMATES**

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

**CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Details are available in the 2015 year-end financial statements, which are available at [www.sedar.com](http://www.sedar.com).

**FINANCIAL INSTRUMENTS**

Refer to Note 13 to the Company's financial statements for the period ended July 31, 2015.

**RISK FACTORS**

Risks of the Company's business include the following:

**No History of Revenues or Dividends**

As a newly formed company, Cielo has no history of earnings, and there is no assurance that the property, or any other future property that may be acquired by Cielo, will generate earnings, operate profitably, or provide a return on investment in the future. Cielo has no plans to pay dividends in the foreseeable future.

**Reliance on Management's Expertise**

Cielo strongly depends on the business acumen and investing expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Issuer. Cielo does not have any key person insurance in place for management.

**Renewable Diesel Fuel Industry**

The US, Canadian and most European governments require a minimum of 2% - 10% of diesel fuels to be comprised of renewable diesel. In Canada it is 2% minimum by the federal government and in most provinces and additional 2%, with Manitoba and Saskatchewan increasing their requirement to 5% minimum blend. In USA it is 2-5% depending on State, California is looking to increase to 10%. In Europe it is 5% for automotive and 10% for airlines.

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- 2011 bio-diesel requirements for Western Canada were 423.5 million litres.
- 2011 bio-diesel production in Western Canada was reported to be 42-Million litres
- The remaining 89.9% had to be imported from abroad

The development of a renewable fuel refinery involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the renewable fuel production may result in substantial rewards, few renewable fuel refineries are developed into profitable businesses without significant help from government subsidies. Major expenses may be required to establish the refinery business. It is impossible to ensure that the current business plan by the Company will result in a profitable commercial refining operation.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Renewable fuel refining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the feedstock, process design, the fluctuation of fuel prices and possible damage to, or destruction of the producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, refining operations are subject to hazards such as equipment failure and fuel storage areas, which may result in environmental pollution and consequent liability.

The Company's refining activities are directed towards the search, evaluation and development of feedstock and its ability to convert it into renewable fuel.. There is no certainty that the refinery as described herein will result in production of commercial quantities of renewable fuel. There is competition within the renewable fuel industry which is considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production.

#### **Commodity Prices**

The profitability of the Company's operations is significantly affected by changes in the market price of various renewable fuels. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, cash flow from operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated production of fuel will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of renewable fuels, may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feed stock costs or drop in renewable fuel prices, could cause the refining operation to be unprofitable in any particular accounting period.

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**Uninsured Risks**

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

**Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

During the period ended July 31, 2015, there has been no significant change in the Company's internal control over financial reporting since last year.

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 make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers 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.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

**DIRECTORS AND OFFICERS**

Don Allan	Director, CEO, President
Robin Ray	Director, CFO
Doug MacKenzie	Director
Chris Dovbniak	Director

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**SUBSEQUENT EVENTS**

1. On September 3, 2015 the Company announced the voting results from the Company's Annual General Meeting of shareholders held on August 27th, 2015 (the "Meeting"). The Company elected to the board of directors, Mr. Don Allan, Mr. Robin Ray, Mr. Doug MacKenzie, and Mr. Chris Dovbniak.

The shareholders approved a resolution appointing A. Chan & Company, LLC, Chartered Accountants as auditors for the Company for the ensuing year, and approved an amendment to the maximum number of stock options authorized to be issued under the Company's Stock, increasing such amount from 5,739,274 to 9,828,615. The Company also announces that it has filed its audited financial statements and management's discussion and analysis for the year ended April 30, 2015 on [www.sedar.com](http://www.sedar.com). These financial statements, along with the related notes, management's discussion and analysis can also be viewed on the Company's website at [www.cielows.com](http://www.cielows.com).

2. On September 29, 2015 the Company announced the closing of the third tranche of its non-brokered private placement offering (the "Convertible Debenture Offering") as initially news released on April 9<sup>th</sup>, 2015. Cielo is happy to announce that it has received \$50,000 CAD from this tranche which has now received a gross \$250,000. The proceeds of the Offering will continue to be used towards the costs, in whole or in part, of the Unit Offering, engineering, working capital, professional fees and primarily on building the first working renewable diesel refinery by the Corporation, as previously announced.

**ADDITIONAL INFORMATION**

Additional information regarding the Company may be found on SEDAR, [www.sedar.com](http://www.sedar.com).