

DEBT CONVERSION AGREEMENT

THIS AGREEMENT is effective as of the ____ day of _____, 2015 (the "Effective Date").

B E T W E E N :

CIELO WASTE SOLUTIONS CORP.

Suite 102, 4016 Charles St, Red Deer, Alberta, T4S 2A8
(hereinafter referred to as the "Company"),

OF THE FIRST PART,

- and -

(hereinafter referred to as the "Creditor"),

OF THE SECOND PART.

WHEREAS the Company is indebted to the Creditor in an amount greater than or equal to CDN\$_____, as at the Effective Date (the "Partial Debt"), it being understood that any debt in excess of the Partial Debt (the "Remaining Debt") shall not be subject to this Agreement;

AND WHEREAS the Creditor has agreed to accept _____ common shares in the capital stock of the Company (the "Debt Securities") in settlement of the Debt (the "Debt Settlement Amount") as per the _____ Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT for and in consideration of the mutual promises and agreements hereinafter contained, the sum of \$1.00 now paid by each party to the other and other good and valuable consideration (the receipt and sufficiency of which is hereby irrevocably acknowledged), the parties hereto hereby agree as follows:

1. ACKNOWLEDGMENT OF DEBT

The Company acknowledges and agrees that it is indebted to the Creditor in the amount of the Partial Debt.

2. ISSUANCE OF SHARES

2.1 The Company agrees to issue to the Creditor and the Creditor agrees to the Debt Settlement Amount, at a deemed price of \$_____ per Debt Security as full and final payment of the Partial Debt.

2.2 The Company will deliver as soon as practicable to the direction of the Creditor one or more

share certificates representing the Debt Securities, registered in accordance with the instructions attached in Schedule "A".

2.3 The Creditor agrees that the Debt as per the March 12, 2012 Loan Agreement will be fully satisfied and extinguished when the Company delivers the share certificates representing the Debt Securities to the Creditor, and subject only to the issuance of the Debt Securities, the Creditor hereby remises, releases and forever discharges the Company, its directors, officers, employees, agents, successors and assigns, of and from any and all manner of actions, causes of actions, suits, proceedings, debts, accounts, bonds, covenants, contracts, claims, liabilities, damages, grievances, executions, judgments, rights and demands of any kind whatsoever, both in law and in equity (collectively referred to herein as "Claims") which the Creditor ever had, now has, or can, shall or may in the future have had or have against the Company for any matter whatsoever, existing up to or on the date hereof, save and except the Debt Settlement Amount and the Remaining Debt.

2.4 Each of the Company and the Creditor shall co-operate in good faith with the other with a view to obtaining on a timely basis any consents, approvals or exemptions reasonably required in connection with the transactions contemplated hereby.

3. REPRESENTATIONS AND WARRANTIES

3.1 The Company hereby represents, warrants, and covenants to the Creditor, and acknowledges that the Creditor is relying upon such representations, warranties, and covenants in entering into this agreement, that:

- (a) it is a corporation duly incorporated and organized under the laws of the Province of British Columbia and is presently in good standing thereunder with full corporate power to own its properties and carry on its business as now being conducted;
- (b) the Company has full power and authority to enter into this agreement and perform the same and do all other acts which may be necessary to consummate the transaction contemplated hereby;
- (c) the execution and delivery of this agreement are within the corporate power and authority of the Company and have been duly authorized by all necessary corporate action and this agreement constitutes a valid and binding obligation of the Company enforceable against it and its successors in accordance with its terms, subject to the usual qualification as to enforceability being limited by bankruptcy and other laws effecting the enforcement of creditors' rights generally, equitable remedies being discretionary remedies and rights to indemnification and contribution being limited by applicable laws;
- (d) none of the execution and delivery of this agreement, the consummation of the transactions contemplated hereby or the fulfilment of or compliance with the terms

and provisions hereof do or will, with the giving of notice or the lapse of time or both:

- (i) to the best of the knowledge of the Company, violate any provision of any law or administrative regulation or any administrative order, award, judgment or decree applicable to the Company;
 - (ii) conflict with any of the terms, conditions or provisions of the articles or any by-laws of the Company or any resolution of its directors or shareholders; or
 - (iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any material agreement, covenant, undertaking, commitment, instrument, judgment, order, decree or award to which the Company is a party or by which it is bound or to which the property of it is subject;
- (e) the Debt Securities to be issued to the Creditor in accordance with the provisions hereof will, upon their issuance and delivery, be validly issued and outstanding as fully paid and non-assessable common shares of the Company;
- (f) the Company is a reporting issuer not in default under the provisions of the *Securities Act* (British Columbia) (the “Act”); and
- (g) the issue of the Debt Securities hereunder is made in reliance upon registration and prospectus exemptions contained in the Act and the Debt Securities may not be resold otherwise than in compliance with the resale restrictions applicable thereto as provided for in the Act.

3.2 The Creditor represents, warrants and covenants to the Company, and acknowledges that the Company is relying on such representations, warranties and covenants in entering into this agreement, that:

- (a) the Creditor has the legal capacity and competence to enter into and execute this agreement and to take all actions required pursuant hereto and, if the Creditor is a corporation, it is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and all necessary approvals by its directors, shareholders and others have been obtained to authorize execution of this agreement on behalf of the Creditor;
- (b) the Creditor has full power and authority to enter into this agreement and perform the same and do all acts which may be necessary to consummate the transactions contemplated hereby;

- (c) this agreement has been duly executed and delivered by the Creditor and constitutes a valid and binding obligation of the Creditor enforceable against it in accordance with its terms, subject to the usual qualification as to enforceability being limited by bankruptcy and other laws effecting the enforcement of creditors rights generally, equitable remedies being discretionary remedies and rights to indemnification and contribution being limited by applicable laws;
- (d) the Creditor is or at the time of conversion will be the beneficial owner of the Debt Settlement Amount, which represents a *bona fide* debt of the Company, with good and marketable title thereto free and clear of all liens, charges, security interest and other encumbrances whatsoever; and
- (e) the Creditor acknowledges that the Debt Securities, as and when the same are issued, may be subject to a statutory hold period pursuant to the Act as well as any hold period that may be imposed by the rules and policies of any stock exchange or trade reporting and quotation system upon which the Debt Securities may be listed and posted for trading.

3.3 All of the covenants, representations, and warranties shall survive the closing of the issuance of the Debt Securities hereunder. The Company's obligation to complete the transactions contemplated hereby is subject to the foregoing representations and warranties being true and correct at the date of this Agreement.

4. GENERAL

4.1 This agreement and the terms and conditions herein shall be fulfilled in accordance with applicable securities laws and policies of the Canadian Securities Exchange.

4.2 Time shall in all respects be of the essence of this agreement.

4.3 This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia.

4.4 All dollar amounts expressed herein refer to lawful currency of Canada.

4.5 Any notice, document or other communication required or permitted by this agreement to be given by a party hereto shall be in writing and is sufficiently given if delivered personally, or if sent by prepaid ordinary mail posted in Canada, or if transmitted by any form of recorded telecommunication tested prior to transmission, to such party as set out on the face page hereof. Notice so mailed shall be deemed to have been given on the third business day after deposit in a post office or public letterbox. Neither party shall mail any notice, request or other communication hereunder during any period in which Canadian postal workers are on strike or if

such strike is imminent and may reasonably be anticipated to affect the normal delivery of mail. Notice transmitted by a form of recorded telecommunication or delivered personally shall be deemed given on the day of transmission or personal delivery, as the case may be. Any party may from time to time notify the others in the manner provided herein of any change of address which thereafter, until changed by like notice, shall be the address of such party for all purposes hereof.

4.6 All costs associated with the preparation of this agreement and the transactions contemplated hereby, including, without limitation, legal costs, shall be paid by the Company.

4.7 The parties agree to execute and deliver to each other such further instruments and other written assurances and to do or cause to be done such further acts or things as may be necessary or convenient to carry out and give effect to the intent of this agreement or as any of the parties may reasonably request in order to carry out the transactions contemplated herein.

4.8 This agreement sets forth the entire agreement among the parties hereto pertaining to the specific subject matter hereof and replaces and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties hereto, and there are no warranties, representations or other agreements, whether oral or written, express or implied, statutory or otherwise, between the parties hereto in connection with the subject matter hereof except as specifically set forth herein. No supplement, modification, waiver or termination of this agreement shall be binding unless executed in writing by the party to be bound thereby.

4.9 In case any one or more of the provisions contained in this agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this agreement shall not in any way be affected or impaired thereby, and any such invalid, illegal or unenforceable provision shall be deemed to be severable, and the remainder of the provisions of this agreement shall nevertheless remain in full force and effect.

4.10 This agreement may be executed by the parties hereto in separate counterparts or duplicates each of which when so executed and delivered shall be an original, but all such counterparts or duplicates shall together constitute one and the same instrument.

4.11 This agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, assigns and legal representatives. This agreement may not be assigned without the prior written consent of the parties, which consent may be unreasonably withheld.

IN WITNESS WHEREOF the parties have executed this agreement as of the date first above written.

CIELO WASTE SOLUTIONS CORP.

Per: _____
DON ALLAN, PRESIDENT

WITNESS

SCHEDULE "A"

SHARE REGISTRATION INSTRUCTIONS

Please complete:

Name of Beneficial Owner: _____

Name of Registered Owner (if different from above): _____

Address of Registered Owner: _____

Delivery Address (if different from above): _____