

**CIELO WASTE SOLUTIONS CORP.**

- and -

***NAME REDACTED***

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**NOMINATION RIGHTS AGREEMENT**

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**November 2, 2017**

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**NOMINATION RIGHTS AGREEMENT**

THIS NOMINATION RIGHTS AGREEMENT is made as of November [2], 2017

BETWEEN:

**CIELO WASTE SOLUTIONS CORP.**, a corporation incorporated under the laws of the Province of British Columbia

(the "**Company**")

- and -

**NAME REDACTED**, a corporation incorporated under the laws of the Province of *Province Redacted*

(the "**Investor**")

WHEREAS pursuant to a loan agreement made effective the date hereof the Investor has agreed to make certain loan facilities available to the Company;

AND WHEREAS contemporaneously with such loan agreement the Company issued to the Investor a warrant entitling the Investor to purchase up to 25,000,000 Class A voting common shares of the Company at an exercise price of \$0.20 per share, subject to adjustment as provided therein;

AND WHEREAS in connection with the foregoing the Parties have agreed that the Investor shall have director nomination rights in respect of the Company as provided herein;

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Agreement, the following words and phrases shall have the respective meanings specified below:

"**Affiliate**" means any person that directly or indirectly (i) controls the Investor, (ii) is controlled by the Investor, or (iii) is controlled by a person that controls the Investor; and for this purpose, with respect to any person, "**control**" means (A) ownership or direction of voting securities of such person to which are attached more than 50% of the total voting power attached to all outstanding voting securities of such person, (B) the right to appoint or remove, or to cause the appointment or removal of, whether through the exercise of voting rights or otherwise, more than 50% of the members of the board of directors (or similar governing body) of such person, (C) if the person is a limited partnership, being or controlling the general partner (or the managing general partner, as applicable) of such person, (D) if the person is a partnership or other unincorporated entity, ownership or direction of more than 50% of the total interests in such person, or (E) the right or

power to directly or indirectly manage, or direct the management of, the business, affairs, assets or policies of such person;

"**Applicable Stock Exchange**" means, at any time, any recognized stock exchange on which the Common Shares or other equity securities of the Company are then listed;

"**Board**" means the board of directors of the Company;

"**Business Day**" means any day which is not a Saturday, a Sunday or a day on which commercial banks located in Calgary, Alberta or Vancouver, British Columbia are not generally open for the transaction of commercial business;

"**Charter Documents**" means, collectively, the certificate of incorporation, notice of articles, articles, by-laws or other charter documents of the Company in effect from time to time;

"**Common Shares**" means the common shares in the capital of the Company;

"**Corporate Law**" means the *Business Corporations Act* (British Columbia) or, in the event that the Company shall be continued under another statute, such other statute under which the Company exists following completion of the continuance;

"**Designation Notice**" has the meaning ascribed thereto in Section 2.4(b);

"**Designee**" has the meaning ascribed thereto in Section 2.1;

"**Election Meeting**" means a meeting of shareholders of the Company at which directors of the Company are to be elected, without regard to whether the meeting constitutes a general meeting of the Company or the election of directors constitutes an item of special business for the meeting;

"**Indemnified Persons**" has the meaning ascribed thereto in Section 2.10(b);

"**Initial Notice**" has the meaning ascribed thereto in Section 2.2;

"**Nomination Right**" has the meaning ascribed thereto in Section 2.1;

"**Parties**" means, collectively, the Company and the Investor as the parties to this Agreement;

"**Qualification Condition**" has the meaning ascribed thereto in Section 2.1;

"**Substitute**" has the meaning ascribed thereto in Section 2.7(a);

"**Voting Interest**" means, at any time, the greater of:

- (a) the quotient obtained by dividing (i) the number of Common Shares held by the Investor or any of its Affiliates at the time, by (ii) the total number of Common Shares issued and outstanding at the time; and
- (b) the quotient obtained by dividing (i) the number of votes attached to all voting securities of the Company held by the Investor or any of its Affiliates at the time to which are attached the right to vote in respect of the election of directors of the Company, by (ii) the total number of votes attached to all such voting securities of the Company issued and outstanding at the time;

in each case on an undiluted basis, without giving effect to any Common Shares or other voting securities issuable, directly or indirectly, on the conversion, exercise or exchange of any outstanding options, warrants or other rights or entitlements to acquire or obtain Common Shares or other voting securities.

## **1.2 Interpretation**

Unless otherwise specified or the context otherwise requires, the following provisions shall govern the interpretation of this Agreement:

- (a) words importing the singular include the plural and vice versa, and words importing gender include all genders;
- (b) "this Agreement", "hereto", "herein", "hereunder", "hereof" and similar expressions refer to this Agreement as a whole, and not to any particular Article, Section or other subdivision, and includes all instruments supplementing, amending, or confirming this Agreement;
- (c) if a word is defined in this Agreement, a grammatical derivative of that word shall have a corresponding meaning;
- (d) the terms "in writing" or "written" include printed or typewritten communications or any electronic means of communication by which words are capable of being visually reproduced at a distant point of reception, including by facsimile;
- (e) time periods within or following which any act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;
- (f) if any date on or by which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on or by the next succeeding day which is a Business Day;
- (g) reference herein to any agreement or instrument, including this Agreement, shall be deemed to be references to the agreement or instrument as amended, supplemented or replaced from time to time, and shall include a reference to any schedule or appendix thereto;
- (h) reference herein to a statute means the statute in force as at the date hereof together with all regulations promulgated thereunder, as the statute and such regulations may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute or regulations;
- (i) the words "including", "includes" or "include", wherever used in this Agreement, means "including, without limitation", "includes, without limitation" or "include, without limitation", as the case may be;
- (j) the division of this Agreement into Articles, Sections and other subdivisions, and the insertion of descriptive headings, are for convenience of reference only and shall not affect the construction of this Agreement;

- (k) the term "person" is to be broadly interpreted and shall include an individual, corporation, company, limited liability company, body corporate, partnership, joint venture, association, trust, labour union, unincorporated organization or government or any agency or political subdivision thereof, and includes the executors, administrators or other legal representatives of an individual acting in such capacity; and
- (l) time shall be of the essence of this Agreement.

## **1.2 Resolution of Ambiguities**

Each Party and its legal advisers have reviewed and participated jointly in negotiating and drafting this Agreement. In the event of an ambiguity or question of intent or interpretation regarding a person's rights and obligations under this Agreement or otherwise with respect to the provisions hereof, this Agreement shall be construed on the basis that it was drafted jointly by the Parties and no presumption or burden of proof shall apply favouring or disfavouring any Party based on authorship.

## **1.3 Share Capital Changes, Amalgamations, etc.**

The terms and conditions of this Agreement are intended to and shall continue to apply, *mutatis mutandis*, in the event of any conversion, reclassification, redesignation, subdivision, consolidation or other change to the share capital of the Company, or any amalgamation, merger, arrangement or other reorganization of or including the Company; and in connection with (and before taking) any such action the Company shall take such steps as are necessary to ensure that the rights of the Investor, Indemnified Persons and Designees from time to time as provided herein are preserved and continued.

## **ARTICLE 2** **DIRECTOR NOMINATION RIGHTS**

### **2.1 Nomination Right**

Upon the Voting Interest becoming greater than fifteen percent (15%), and for so long thereafter as the Voting Interest is not less than ten percent (10%), the Investor shall have the right (but not the obligation) to nominate one (1) individual of its choosing (such individual, as designated by the Investor from time to time, the "**Designee**") for election to the Board (the "**Nomination Right**"); provided that such individual is not, or has not committed any act that would reasonably result in such individual becoming, disqualified or otherwise prohibited from serving as a director under Corporate Law, applicable Canadian securities laws or the rules of any Applicable Stock Exchange (the "**Qualification Condition**"). If at any time during the term hereof the Investor determines not to exercise, or for any other reason does not exercise, the Nomination Right in accordance with the terms and conditions hereof, the Investor shall not in any way be restricted from subsequently exercising the Nomination Right.

### **2.2 Appointment of Initial Designee**

Without limiting the Nomination Right as provided in this Article 2, the Investor shall have the right to demand, on written notice to the Company (the "**Initial Notice**"), that the Company cause the Designee identified and designated therein to be appointed to the Board, whereupon the Company shall, as soon as practicable and in any event within ten (10) Business Days of receiving the Initial Notice, cause such Designee to be appointed to the Board through the exercise by the then-current directors of the Company of their authority under the Charter Documents to appoint one or more additional directors between annual general meetings of the Company or to fill a vacancy on the Board provided that the

Designee provides evidence of his or her consent to so act in accordance with applicable Corporate Law and the Charter Documents.

### **2.3 Identity of Designee**

The Designee shall, at any time and from to time hereunder, be:

- (a) if the Investor has, as at such time, given to the Company an Initial Notice but not a Designation Notice, the individual so designated in the Initial Notice; and
- (b) if the Investor has, as at such time, given to the Company a Designation Notice in accordance with Section 2.4(b), the individual so designated in the most recently given Designation Notice;

provided, however, that if the individual determined to be the Designee in accordance with paragraph (a) or paragraph (b) has been replaced by a Substitute in accordance with Section 2.7(a), then the Substitute shall be the Designee, who shall continue as such until a new Designation Notice is given by the Investor.

### **2.4 Nomination Procedure**

- (a) The Company shall give the Investor written notice of any Election Meeting not less than fifty (50) days before the date of the Election Meeting.
- (b) The Investor may, within ten (10) days of receiving from the Company notice of an Election Meeting under Section 2.4(a), give to the Company written notice (a "**Designation Notice**") identifying and designating the Designee, failing which the Designee shall be as otherwise provided in Section 2.3.
- (c) At and in respect of each Election Meeting, the Company shall cause the Designee to be included as a nominee for election as a director and to otherwise be duly nominated for election to the Board, and shall use its best efforts to cause the Designee to be so elected, including by (i) listing the Designee in the information circular and other proxy materials prepared, filed and delivered by or on behalf of the Company in connection with the Election Meeting, (ii) recommending that the Company's voting securityholders vote in favor of the Designee's election as a director (together with all other director nominees of the Company), and (iii) otherwise supporting the Designee for election in a manner no less rigorous and favorable than the manner in which the Company supports its other director nominees in the aggregate, subject to the Investor complying with Section 2.6.

### **2.5 Director Rights and Privileges**

- (a) While serving on the Board and any committee thereof, each Designee shall be entitled to all rights and privileges of the other members of the Board and committee, as applicable, and shall rank *pari passu* with such other members with respect to all such rights and privileges, including voting rights, rights to call and attend meetings (including committee meetings), and access to notices, minutes, consents and other documents and information as well as Company representatives.
- (b) Without limiting the generality of the foregoing, a Designee shall be entitled, subject to applicable Corporate Law, to receive such information concerning the Company and its business, affairs and assets as the Designee may reasonably request in connection with

servicing as a director, including access to Company books and records and to its management, other personnel and external advisors.

- (c) A Designee shall be entitled to disclose to the Investor and any of its Affiliates any information concerning the Company and its business, affairs and assets that he or she obtains or receives, subject to a binding and enforceable undertaking from the recipient to maintain the confidentiality of disclosed information that is itself confidential to the Company and to compliance with applicable law (including restrictions on trading securities with knowledge of undisclosed material information).

## **2.6 Designee Information**

The Investor shall provide or cause to be provided to the Company, upon request and on a timely basis, all such information concerning a Designee as is reasonably required by the Company to meet its obligations under applicable corporate and securities laws and the requirements of any Applicable Stock Exchange relating to the appointment or election of directors.

## **2.7 Vacancy**

- (a) If at any time a vacancy on the Board results from a Designee ceasing to be a director of the Company, whether by reason of death, resignation, disqualification, removal or otherwise, the Investor shall be entitled to designate a different individual to replace such Designee (the "**Substitute**"), and the Company shall cause the resulting vacancy on the Board (and any committee thereof) to be filled by the Substitute or otherwise cause the Substitute to be added to the Board, provided in each case that the Substitute meets the Qualification Condition and at all times subject to applicable Corporate Law.
- (b) The Company shall not take any action to remove from the Board a Designee that has been duly appointed or elected as a director of the Company and is serving as such, provided that the Designee continues to meet the Qualification Condition, subject to applicable Corporate Law.

## **2.8 Board Size**

The number of directors of the Company from time to time shall be fixed in accordance with the Charter Documents and Corporate Law; provided that:

- (a) from and after the date hereof, until otherwise determined in accordance with the Charter Documents to facilitate the addition of the Designee to the Board, the number of directors of the Company shall be not greater than five (5);
- (b) at such time as the Investor elects by Initial Notice or Designation Notice, as the case may be, to add the Designee to the Board, the number of directors of the Company shall be increased by one (1); and
- (c) except (i) as necessary to give effect to Section 2.8(b), or (ii) as may be approved by the Board provided that a Designee is one of the approving directors, the Company shall not propose to its shareholders or otherwise take any action to cause an increase in the size of the Board.



## **2.9 Executive Committee**

While a member of the Board, the Designee will be entitled to be included among the members of any executive committee of the Board if and whenever an executive committee of the Board is appointed during the term of this Agreement, provided that the Designee satisfies the reasonable requirements of each such committee.

## **2.10 Director Protections**

- (a) The Company shall pay all reasonable costs, charges and expenses incurred by each person who is or was a Designee in connection with his or her service as a member of the Board, or as a member of or observer to any committee of the Board, including reasonable travel expenses, on a basis no less favourable to such person than the basis upon which the Company pays costs, charges or expenses of any other Board member.
- (b) To the fullest extent permitted by applicable law, the Company shall and does hereby covenant and agree to indemnify and hold harmless any current or former director or officer of the Company (or of another corporation that, at the relevant time, is or was an affiliate of the Company, or for which the person is or was a director or officer at the request of the Company) who is or was at any time a Designee, and their respective heirs and personal or other legal representatives (any such directors or officers who are or were Designees, together with their respective heirs and personal or other legal representatives, "**Indemnified Persons**"), against all judgments, penalties or fines awarded or imposed in, or amounts paid in settlement of, any proceeding (including any legal proceeding or investigative action), whether current, threatened, pending or completed, to which an Indemnified Person is or may be liable, and all costs, charges and expenses, including legal and other fees, reasonably incurred by an Indemnified Person in respect of that proceeding. The Company further covenants and agrees that, to the fullest extent permitted by applicable law, it will pay, as they are incurred, all costs, charges and expenses, including reasonable legal and other fees, incurred by an Indemnified Person in respect of any such proceeding.
- (c) The Company shall not take any action to change the Charter Documents in any manner that diminishes an Indemnified Person's right to indemnification or exculpation as currently provided therein.
- (d) The Company shall maintain adequate directors' and officers' liability insurance, reasonably acceptable to the Investor, and ensure that any person who is or was a Designee and serves or served as a director of the Company is covered under and has the benefit of such insurance, with scope of coverage and otherwise on terms and conditions that are no less favourable to such person than the scope of coverage and other terms and conditions applicable in respect of other Board members.
- (e) Without limiting Section 2.10(b), each current or former director of the Company who is or was at any time a Designee shall be indemnified and held harmless by the Company on terms and conditions that are no less favourable to such director than the terms and conditions on which the Company has agreed to indemnify any other Board member, and the Company shall offer to enter into a written indemnity agreement with such director confirming rights of indemnification, payment of costs, charges and expenses, and insurance coverage.

- (f) The Company intends that every current or former director of the Company who is or was at any time a Designee, and all other Indemnified Persons, shall have and be entitled to the full rights, privileges and other benefits provided by and pursuant to this Section 2.10 and the indemnification provisions of Corporate Law, the Charter Documents and any separate indemnity agreements, to the greatest extent permitted by law, and the Company will take such steps as may be necessary to give full effect to this Section 2.10 (which shall in no way diminish or derogate from any indemnification or exculpation rights provided for under Corporate Law, the Charter Documents, by-laws or other charter documents, as applicable, or any separate indemnity agreements).

**ARTICLE 3**  
**GENERAL**

**3.1 Term**

This Agreement will continue in force until the earlier of (i) the date on which this Agreement is terminated by written agreement of the Parties, and (ii) such time after the Nomination Right shall have first become effective as the Voting Interest thereafter becomes less than ten percent (10%); provided, however, that the provisions of Section 2.10, Article 1 and this Article 3 shall survive termination.

**3.2 Further Acts**

Each Party shall from time to time hereafter, at the reasonable request of the other Party and without further consideration, perform all such further acts and execute and deliver such further instruments and other documents as may be reasonably required to fully perform and carry out the intent and provisions of this Agreement.

**3.3 Entire Agreement**

This Agreement, and any instrument or other document contemplated hereby and delivered in connection herewith, constitutes the entire agreement between the Parties with respect to the matters herein and supersedes all prior agreements, understandings, negotiations and discussions regarding the subject matter hereof.

**3.4 Amendments and Waivers**

This Agreement cannot not be amended except by written agreement of the Company and the Investor. No failure or delay of any party to exercise any right given to it hereunder, or to insist on strict compliance with any provision hereunder, shall constitute a waiver of such provision or of any other provision hereof, or a waiver of any breach, and no waiver of any provision or breach of any provision shall constitute a waiver of any other provision or breach or of any subsequent breach of the same provision. No waiver shall be effective unless in writing and signed by the Party having the right to waive such provision.

**3.5 Notices**

Any notice or other communication to be given under this Agreement shall be given in writing and shall be deemed sufficiently given if in writing and either delivered personally or sent by confirmed fax or email transmission, as follows:

If to the Company: Cielo Waste Solutions Corp.  
101 - 1500 Howe Street  
Vancouver, British Columbia V6Z 2N1

Attention: Don Allan  
Fax: (403) 343-3572  
Email: donallan@cielows.com

If to the Investor: *Name Redacted*  
*Address Redacted*

Attention: *Name Redacted*  
Email: *Email Redacted*

or at such other address as may be substituted by notice given as herein provided. The party entitled to receive any notice required hereunder may waive such notice in writing.

### **3.6 Severability**

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provisions of this Agreement.

### **3.7 Successors and Assigns**

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Neither Party shall be entitled to assign, in whole or in part, this Agreement or any rights or obligations hereunder without the prior written consent of the other Party, except that the Investor may assign the benefit of this Agreement and its rights and obligations hereunder to any of its Affiliates or to any person to whom the Investor or any of its Affiliates, as applicable, collectively transfer Common Shares or other voting securities representing a Voting Interest of at least ten percent (10%).

### **3.8 Third Party Beneficiaries**

Except as provided in Section 2.10 with respect to Indemnified Persons and persons who are or were Designees, this Agreement is not intended to benefit or confer any rights or privileges upon third parties and no person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action or proceeding.

### **3.9 Governing Law**

This Agreement is made under and shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, without giving effect to any conflicts of law principles that would cause the laws of another jurisdiction to apply instead. Any action arising under or in connection with this Agreement shall be brought and maintained in the courts of the Province of British Columbia.

### **3.10 Remedies**

The Investor shall, in addition to any other remedies available at law or in equity, including monetary damages, be entitled to specific performance by the Company of this Agreement or an injunction against a violation hereof. The Company agrees that monetary damages or other remedies at law would not adequately compensate the Investor in the event of any breach or default by the Company in the performance of or compliance with the provisions of this Agreement, or any threat of such breach or default, and hereby waives the defense in any action for specific performance or injunctive relief that a remedy at law would be adequate.

### **3.11 Counterparts; Electronic Signatures**

This Agreement may be executed and delivered in separate counterparts, each of which once signed shall be deemed to be an original and all of which together shall constitute one and the same instrument. Notwithstanding its date of execution, each counterpart shall be deemed to bear the effective date first written above. The exchange of signed counterparts shall constitute effective execution and delivery of this Agreement as between the Parties. The signature of any Party to this Agreement may be evidenced by a facsimile or other electronically reproduced and transmitted copy that records the image of such signature.

*[remainder of page intentionally left blank – signature pages follow]*

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first written above.

**CIELO WASTE SOLUTIONS CORP.**

By: \_\_\_\_\_  
Name:  
Office/Title:

***NAME REDACTED***

*SIGNATURE REDACTED*  
By: \_\_\_\_\_  
Name:  
Office/Title: