CIELO WASTE SOLUTIONS CORP.

(Formerly Cielo Gold Corp.)

Financial Statements

April 30, 2017

(Expressed in Canadian dollars)

UNIT 114B – 8988 FRASERTON COURT
BURNABY, BC V5J 5H8

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AChan

A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.)

We have audited the accompanying financial statements of Cielo Waste Solutions Corp. (formerly Cielo Gold Corp.) (the "Company"), which comprise the statements of financial position as at April 30, 2017 and April 30, 2016, the statements of loss and comprehensive loss, the statements of changes in equity and the statements of cash flows for the years ended April 30, 2017 and April 30, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2017 and April 30, 2016, and its financial performance and its cash flows for the years ended April 30, 2017 and April 30, 2016 then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

"A Chan and Company LLP"
CHARTERED PROFESSIONAL ACCOUNTANTS

Burnaby, BC
August 22, 2017

Cielo Waste Solutions Corp.(formerly Cielo Gold Corp)

Statements of financial position

(Expressed in Canadian Dollars)

	Note	April 30, 2017	April 30, 2016
		$	$
Assets			
Current Assets			
Cash		106,110	7,800
GST and Other receivable		12,212	10,629
Prepaid expenses		10,750	5,633
Total Current Assets		129,072	24,062
Non Current Assets			
Property, plant and equipment	5	3,063,594	-
Intellectual property assets	6	1	1
Total Non Current Assets		3,063,595	1
Total Assets		3,192,667	24,063
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable	14	336,380	263,557
Accrued liabilities		48,200	137,010
Short-term loans payable	8&14	1,291,602	1,027,845
Current portion of loans payable	8	214,399	-
Current portion of convertible debentures	9	139,347	20,181
		2,029,928	1,448,593
Long Term Liabilities			
Long term loans payable	8	2,037,345	75,367
Convertible debentures	9	591,454	234,306
		4,658,727	1,758,266
Shareholders’ Equity			
Share capital	10	7,335,414	6,776,950
Shares subscribed but not issued	10	-	32,000
Contributed surplus	11&12	1,024,787	785,803
Deficit		(9,826,261)	(9,328,956)
Total Equity		(1,466,060)	(1,734,203)
Total Liabilities and Equity		3,192,667	24,063

See accompanying notes to financial statements

Nature and continuance operation and basic of presentation (Note 1 and 2)

Subsequent events (Note 18)

Approved and authorized for issue by Management on August 22, 2017

"Don Allan "
Director

"Shannon Wyzykoski"
Chief Financial Officer

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

Statements of comprehensive Loss

(Expressed in Canadian Dollars)

	April 30, 2017	April 30, 2016
	2017	**2016**
Expense	$	$
Advertising and Promotion	15,000	700
Amortization on deferred financing costs	11,589	8,539
Amortization on property, plant and equipment	38,372	-
Bank Charges	997	1,039
Consulting	4,463	123,050
Interest and accretion expenses (Note 8&9)	143,066	68,199
Office and administrative expenses	56,772	82,165
Professional fees	211,728	282,926
Share based compensation	203,024	-
Salaries and benefits	25,721	9,882
Transfer agent and filing fees	26,270	34,649
Travel	22,320	6,720
Net Loss before other items	(759,322)	(617,869)
Write-off of payables (Note 7)	233,606	-
Gain on settlement of debt with shares (Note 10)	28,411	426,125
Net loss and comprehensive loss for the year	(497,305)	(191,744)
Loss per share, basic and diluted	$(0.005)	$(0.003)
Weighted average number of outstanding common shares	96,308,811	66,974,987

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)

				Contributed Surplus			
	Number of shares	Share Capital	Shares Subscribed	Options and Warrants	Other	Deficit	Total shareholders' equity
		$	$	$	$	$	$
Balance April 30, 2015	49,143,079	5,027,669	-	712,011	65,455	(9,137,211)	(3,332,076)
Shares issued for private placements (Note 10)	33,000	2,640	-	2,310	-	-	4,950
Shares issued for debt conversion	398,333	3,983	-	-	-	-	3,983
Shares issued for debt conversion	4,794,580	119,865	-	-	-	-	119,865
Shares issued for debt conversion	12,430,880	621,544	-	-	-	-	621,544
Shares issued for debt conversion	25,049,352	1,001,974	-	-	-	-	1,001,974
Shares to be issued for debt settlements	-	-	32,000	-		-	32,000
Equity portion of convertible debts issued (Note 9)	-	-		-	6,027	-	6,027
Share issuance costs (Note 10)	-	(725)	-	-	-	-	(725)
Net loss for the year	-	-	-	-	-	(191,745)	(191,745)
Balance April 30, 2016	91,849,224	6,776,950	32,000	714,321	71,482	(9,328,956)	(1,734,203)
Balance April 30, 2016	91,849,224	6,776,950	32,000	714,321	71,482	(9,328,956)	(1,734,203)
Shares issued for debt conversion	1,550,000	62,000	-	-	-	-	62,000
Shares issued for debt conversion	140,000	4,200	-	-	-	-	4,200
Shares Issued for debt conversion	830,000	33,200	-	-	-	-	33,200
Shares Issued in facility purchase	5,000,000	200,000	-	-	-	-	200,000
Shares issued for Purchase of assets	2,036,364	142,545	-	-	-	-	142,545
Shares issued for debt conversion	1,250,000	125,000	-	-	-	-	125,000
Shares distributed for debt conversion	-	-	(32,000)	-	-	-	(32,000)
Fair values of finders' warrants	-	-	-	35,960	-	-	35,960
Share based compensation	-	-	-	203,024	-	-	203,024
Share issuance Costs	-	(8,481)	-	-	-	-	(8,481)
Net Loss for the year	-	-	-	-	-	(497,305)	(497,305)
Balance April 30, 2017	102,655,588	7,335,414	-	953,305	71,482	(9,826,261)	(1,466,060)

See accompanying notes to financial statements

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

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the Years ended April 30,	2017	2016
Cash (used in) provided by:	$	$
Operating activities		
Loss for the year	(497,305)	(191,745)
Adjustments for:		
Amortization on property, plant and equipment	38,372	-
Gain on Settlement of debts with shares	(28,411)	(426,125)
Write-off of payables	(233,606)	-
Stock based compensation	203,024	-
Amortization on deferred financing costs	11,589	8,539
Accrued interest and accretion expenses	143,065	55,764
	(363,272)	(553,567)
Changes in non-cash operating working capital		
Other receivable	(1,583)	7,261
Prepaid Expenses	(5,117)	(683)
Accounts payable and accrued liabilities	110,828	195,129
Cash used in operating activities	(259,144)	(351,860)
Financing activities		
Short term loans	251,395	179,941
Long term loans and convertible debts	697,293	150,000
Share issuance for cash	-	4,950
Share issuance costs	(8,481)	(725)
Financing cost paid	(23,200)	(6,935)
Cash provided by financing activities	917,007	327,231
Investing activity		
Purchase of property plant and equipment	(559,553)	-
Cash used in investing activity	(559,553)	-
Increase (decrease) in cash	98,310	(24,629)
Cash, beginning of year	7,800	32,429
Cash, end of year	106,110	7,800
Non-cash activities:		
Shares issued for debt conversion	$125,000	$-
Fair value of shares issued for debt settlement	99,400	1,746,883
Fair value of shares issued for assets	342,545	-
Shares to be issued to settle debts	-	32,000
Fair Value of warrants allocated	$35,960	$2,130

See accompanying notes to consolidated 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 Securities Exchange ("CSE") under the Symbol CMC. The principal and registered office of the Company is located at #101 – 1500 Howe Street, Vancouver BC V6Z 2N1.

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 high grade renewable fuels.

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 April 30, 2017, the Company had not yet achieved profitable operations, had accumulated losses of $9,826,261 since its inception, and had a working capital deficit of $(1,900,856), 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 obtaining bridging loans from directors and/or shareholders and/or completing one or more financings are ongoing 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 refineries based on the Company's technology.

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 and compliance with International Financial Reporting Standards ("IFRS") 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.

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:

Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements.

Present value of long-term liabilities

In assessing the fair value of long-term liabilities without interest or interest rate below market or with conversion features using effective interest rate method, management has to exercise judgment to determine the effective interest rate based on market and risk.

Income taxes

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.

Share-based payments

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 equivalents

Cash equivalents are comprised of all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at April 30, 2017 and 2016, there were no cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) The Company records property, plant and equipment at cost less accumulated amortization and accumulated impairment losses. It recognizes amortization to write off the cost of assets less their residual values over their useful lives, using the following methods and rates:

Construction in Progress	no amortization until completion
Equipment	10% declining balance
Building	4% declining balance

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

d) Shared-based payments

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.

e) 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 affects neither accounting nor 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

g) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses

h) Earnings (loss) per share

Basic earnings (loss) per share are 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 losses per share are the same for the periods presented.

i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has classified its financial instruments as follows:

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

A financial asset and a financial liability should be offset and the net amount reported when, and only when, the Company has a legally enforceable right to set off the amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j) Convertible debentures

Convertible debentures with both a liability and an equity component from the Company's perspective are accounted for and presented separately according to their substance based on the definitions of liability and equity. The split is made at issuance and not revised for subsequent changes in market interest rates, share prices, or other event that changes the likelihood that the conversion option will be exercised. A financial liability represents the Company's contractual obligation to pay cash, and the other is an equity instrument, represents the holder's option to convert into common shares. When the initial carrying amount of a compound financial instrument is required to be allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Interest, dividends, gains, and losses relating to an instrument classified as a liability should be reported in profit or loss. On the other hand, those relating to holders of a financial instrument classified as equity should be charged directly against equity, not against earnings.

Transaction costs of an equity transaction are deducted from equity. Transaction costs related to an issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

k) 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”).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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).

l) Intangible assets

Intangible assets are amortized over the estimated useful life of each asset unless the life is determined to be indefinite. An intangible asset with an indefinite life is not amortized but will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized when the carrying value of intangible asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

m) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

n) Research and development expenditures

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria are met: i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, ii) its intention to complete the intangible asset and use or sell it, iii) its ability to use or sell the intangible asset, iv) how the intangible asset will generate probable future economic benefits, v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise they are expensed as incurred. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

o) Changes in accounting policies and recent accounting pronouncements

The following standard has been issued but is 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. The Company is currently evaluating the impact of the standard on its financial performance and financial statements disclosures but expects that such impact will not be material.

4. CASH

	April 30, 2017	April 30, 2016
Cash	106,110	7,800
	106,110	7,800

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	April 30, 2017			April 30, 2016		
	Costs	Accumulated Amortization	Total	Costs	Accumulated Amortization	Total
Land	755,841	-	755,841	-	-	-
Building	931,499	408	931,091	-	-	-
Equipment	672,339	2,300	670,039	-	-	-
Construction in progress	42,419	-	42,419	-	-	-
Plant - Leased	699,868	35,664	664,204	-	-	-
	3,101,966	38,372	3,063,594	-	-	-

The Company entered into an Asset Purchase Agreement dated February 14, 2017 with XR Resources Inc. ("XR") to purchase equipment including a Case W20C front wheel loader and laboratory equipment. In consideration, the Company issued 2,036,364 common shares of the Company at a fair value of $142,545.

The Company has completed the purchase of land with an existing idle bio-diesel refinery located on it in High River, Alberta ("High River Property") from XR in April 2017. The purchase price consisted of 5,000,000 common shares of the Company (issued) at a fair value of $200,000, a vendor take-back mortgage of $1,500,000 (the "Mortgage") and $500,000 cash payments (paid). The Mortgage is subject to interest, at a rate of 12% per annum, calculated monthly, and a General Security Agreement against the High River Property, including all physical improvements but excluding intellectual property. The Mortgage payments are as follow: a monthly payment of interest only for the period from April 21, 2017 to May 16, 2017 of $12,238.75, $15,000 on June 16, 2017 and monthly payments of principal and interest of $35,492.70 on July 16, 2017 and continuing on the 16th of each month thereafter to and including the 16th days of January 2022 at which time the balance of outstanding principal and interest shall be due and payable. The Company incurred the related legal costs of $17,134. A total purchase price of $2,217,134 was allocated to $755,841 of land, $931,499 of building and $529,794 of equipment.

The Company entered into a Purchase Option Agreement and Equipment Lease Agreement, each dated October 26, 2016 with FS Business Enterprises ("FS") to lease a 50 liter per hour thermo catalytic depolymerization demonstration plant (the "Equipment") from FS. The Company agreed to become indebted to FS in an amount equal to $699,868 (being the Mortgage Amount) in consideration for entitlement to use the Equipment for the purpose of its business. The Mortgage Amount is subject to interest at a rate of 18% per annum and expires on October 30, 2021. The Company has an option for a period of five years, concluding on October 30, 2021 to purchase the Equipment with option shall be automatically exercised upon the repayment in full of an amount equal to $699,868 together with all unpaid accrued interest. The Mortgage is secured by all present and after acquired property of the Company to a maximum of $500,000 and a purchase money security interest in the Equipment.

(Expressed in Canadian dollars)

6. INTELLECTUAL PROPERTY ASSETS

As at April 30, 2016, the Company concluded that, due to the demonstration plant assets being in an idle stage awaiting for further development, the intellectual property has been impaired and the value should have been written down to $1. The impairment evaluation as at April 30, 2017 remains the same.

7. WRITE-OFF OF PAYABLES

During the year ended April 30, 2017, a total amount of $233,606 of payables was written off due to payables settled for less amounts or forgiven.

8. LOANS PAYABLE

The balance of short-term loans payable as at April 30, 2017 is comprised of the following:

$104,834 in loans from third parties (2016 - $54,602). These are unsecured and due on demand with interest at prime rate plus 10% to 12% per annum. A total of $15,334 (2016-$15,102) in interest on these loans has been accrued as at April 30, 2017.

$1,186,768 in loans from related parties as below:

	April 30, 2017	**April 30, 2016**
Blue Horizon Industries (“BHI”)	$109,055	$112,055
Doug Allan, related to Don Allan	302,000	52,000
Blue Horizon Energy (“BHE”)	114,912	114,912
1888711 Alberta Inc. (“1888711”)	165,449	199,228
Don Allan, CEO and director	390,221	392,548
Jason Christensen, former CFO	-	2,500
Don Allan – Note payable, due on demand, at annual interest of 5% starting from May 1, 2016	105,131	100,000
	$1,186,768	$973,243

These loans are unsecured; non-interest bearing and due on demand except for the $100,000 loan which is 5% interest bearing. A total of $5,131 (2016-$nil) in interest on these related party loans has been accrued as at April 30, 2017. BHI, BHE and 188871 are related by common officers or directors.

These short-term loans were presented at their carrying amount because they are due on demand and their amortized costs are not measurable without fixed terms. The short-term loan presented at its carrying amount because it is due within the next twelve months and the fair value is approximately the principle with the interest payable amount.

(Expressed in Canadian dollars)

8. LOANS PAYABLE (Continued)

The balance of long-term loans payable as at April 30, 2017 is comprised of the following:

	April 30, 2017	April 30, 2016
Mortgage with XR Resources Inc (Note 5) at an interest rate of 12% per annum, calculated monthly, and a General Security Agreement against the High River Property, including all physical improvements but excluding intellectual property. A monthly payment of interest only for the period from April 21, 2017 to May 16, 2017 of $12,238.75, $15,000 on June 16, 2017 and monthly payments of principal and interest of $35,492.70 on July 16, 2017 and continuing on the 16th of each month thereafter to and including the 16th days of January 2022 at which time the balance of outstanding principal and interest shall be due and payable.	1,500,000	-
Mortgage with FS Business Enterprises Inc. (Note 5) at an interest rate of 18% per annum and expires on October 30, 2021. The Company has an option for a period of five years, concluding on October 30, 2021 to purchase the Equipment with option shall be automatically exercised upon the repayment in full of an amount equal to $699,868 together with all unpaid accrued interest. The Mortgage is secured by all present and after acquired property of the Company to a maximum of $500,000 and a purchase money security interest in the Equipment. Accrued interest of $51,877 as at April 30, 2017.	751,744	-
Note payables at an interest rate of 5% & mature on Nov. 1, 2017	-	75,367
Total long-term loan payable	2,251,744	75,367
Less current portion	(214,399)	-
Long-term portion of loans payable	2,037,345	75,367

Principal payments on note payables are due as follows:

2018	214,399
2019	287,090
2020	323,500
2021	364,528
2022	1,010,350
	2,199,867

During the year ended April 30, 2017, the Company accrued interest and accretion expenses of $95,792 (2016-$40,061) in connection with short-term and long-term loans.

(Expressed in Canadian dollars)

9. CONVERTIBLE DEBT

	April 30, 2017	April 30, 2016
Convertible debts at an interest rate of 12.5%	150,000	250,000
Convertible debts at an interest rate of 15.0%	610,000	-
Discount on convertible debts	(1,060)	(6,273)
Deferred financing costs	(56,992)	(9,421)
Accrued interest	28,853	20,181
	730,801	254,487
Less current portion	(139,347)	(20,181)
	591,454	234,306

During the year-ended April 30, 2016, the Company issued a total of $150,000 of convertible debentures. The Convertible Debentures would 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 the Company. The amortized cost of the long-term liability component was accounted for using the effective interest rate method at 14.85% per annum. The equity component was assigned the residual amount of $6,027 after deducting the financing cost of $6,935 and was allocated to the liability component only as the allocation to the equity component was immaterial.

During the year-ended April 30, 2017, the Company issued a total of $610,000 of convertible debentures. The Convertible Debentures would mature three (3) years from the date of issuance, carry an interest rate of 15% per annum, and both the principal and interest can be converted at the option of the holder at a price of $0.10 per common share of the Company.

The above convertible debentures are secured by general security agreements.

Accretion expenses on above convertible debentures of $5,213 was charged to the operation during the year ended April 30, 2017 (2016-$3,448).

Interest expenses on above convertible debentures of $42,060 was charged to the operation during the year ended April 30, 2017 (2016-$20,161).

Total deferred financing costs of $59,160 were incurred in 2017 (2016 - $17,960) and $11,589 was charged to the operation during the year ended April 30, 2017 (2016-$8,539).

10. SHARE CAPITAL

a. Authorized: unlimited number of common shares without par value
unlimited Class B preferred shares without par value (none issued and outstanding)

b. Issued and Outstanding:

(i) On July 16, 2015, the Company issued 33,000 common shares by cash through non-brokered private placements under an offering of units, each consisting of one common share and one half of one share purchase warrant, at a subscription price of $0.15 per unit. Warrants were assigned with value of $2,310 based on residual value of method.

(ii) On July 16, 2015, 398,333 units were also issued at a fair value of $3,983, using the closing trading price on the same date, to settle loans owing to Don Allan in the amount of $52,500 and to settle interest payments owing to a third party in the amount of $7,250 and resulted in a gain of $55,767.

(iii) On November 4, 2015, the Company issued 4,794,580 common shares at fair value of $119,865, using the closing trading price on the same date, to settle accounts payable in the amount of $239,729 and resulted gain on debt settlements of $119,865.

(iv) On November 27, 2015, the Company issued 25,049,353 common shares at fair value of $1,001,974, using the closing trading price on the same date, to settle related party loans owing to BHBD and BHE in the amount of $913,923 and $338,545 respectively and resulted gain on debt settlements of $250,494.

(v) On December 18, 2015, the Company issued 12,430,880 common shares at fair value of $621,544, using the closing trading price on the same date, to settle related party loans owing to BHE and to settle accounts payable in the amount of $548,544 and $73,000 respectively. No gain or loss was resulted from these debt settlements.

(vi) During the year-ended April 30, 2016, the Company settled a $25,000 short term secured loan and a $7,000 short term unsecured loan into shares of the Company at deemed value of $0.05 per common share. These shares were issued subsequent to the year-end April 30, 2016.

(vii) On June 17, 2016, the Company issued 1,550,000 common shares at a fair value of $62,000 using the closing trade price on the same date, to settle debt of $77,500 which resulted in a gain of $15,500.

(viii) On July 4, 2016, the Company issued 140,000 common shares at a fair value of $4,200 using the closing trade price on the same date, to settle debt of $7,000 which resulted in a gain of $2,800.

(ix) On October 27, 2016, the Company issued 830,000 common shares at a fair value of $33,200 using the closing trade price on the same date, to settle debt of $41,500 which resulted in a gain of $8,300.

(x) On November 17, 2016, the Company issued 5,000,000 common shares at a fair value of $200,000 using the closing trade price on the same date. These shares were issued as a part of a purchase of property, plant and equipment (Note 5).

(xi) On March 17, 2017, the Company issued 2,036,364 common shares at a fair value of $142,545 to purchase equipment (Note 5).

(xii) On April 5, 2017, the Company issued 1,250,000 common shares for convertible debt of $125,000.

(Expressed in Canadian dollars)

11. WARRANTS

During the year-ended April 30, 2016, the Company issued an additional 215,667 share purchase warrants. Each warrant entitled the holder to purchase one common share for a period of twenty-four (24) months at a price of $0.25 per common share and expired between June 17, 2016 and July 16, 2017. Warrants issued as private placement units during 2016 were valued using the residual value method of $2,310.

During the year ended April 30, 2017 the Company issued 232,000 finders' share purchase warrants related to an issuance of a total of $610,000 of convertible debentures (Note 9). Each broker warrant entitles the holder to purchase one common share at a price of $0.10 per common share with an expiry date of March 31, 2019. The fair value of the warrants calculate using the valuation technique, the Black Scholes Option Pricing Model was $35,960. Assumptions used in the option pricing model were as follows: average risk free interest rate – 0.75%; expected life – 2 year; expected volatility – 184.87%; and expected dividends – nil. The fair value of $35,960 of finders' warrants was allocated to deferred financing costs during the year ended April 30 2017 (Note 9).

Continuity of the Company's warrants is as follows:

	Number	Weighted average exercise price
Balance, April 30, 2016	1,398,248	$ 0.25
Issuance	232,000	$ 0.10
Expired/cancelled	(1,182,582)	$ 0.25
Balance, April 30, 2017	447,666	$ 0.17

As at April 30, 2017, the Company had warrants outstanding enabling holders to acquire the following:

Number of warrants	**Exercise Price per Share($)**	**Expiry Date**
215,666	0.25	July 16, 2017
232,000	0.10	March 31, 2019

(Expressed in Canadian dollars)

12. STOCK OPTIONS

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 at the time of approval of the Option Plan. 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 November 7, 2016, the Company granted 5,500,000 stock options to employees, consultants, directors and officers under its Stock Option Plan at an exercise price of $0.10 per share exercisable at any time on or before November 7, 2019. The fair value of these stock options is determined to be $203,024 using the Black-Scholes option pricing model with the current assumptions of risk-free interest rate of 1.14%, expected life of 3 years, forfeiture rate of 0%, expected volatility of 225.74% and a dividend rate of 0%.

Continuity of the Company's option is as follows:

	Number	Weighted average exercise price
Balance, April 30, 2015 & April 30, 2016	280,000*	$ 0.25
Issuance, November 7, 2017	5,500,000	$ 0.10
Expired	(280,000)	$ 0.25
Balance, April 30, 2017	5,500,000**	$ 0.10

* Options exercisable as at April 30, 2016 – 280,000
**Options exercisable as at April 30, 2017 – 5,550,000

As at April 30, 2017, the Company had options outstanding enabling holders to acquire the following:

Number of options	Exercise Price per Share($)	Expiry Date
5,500,000	0.10	November 7, 2019

(Expressed in Canadian dollars)

13. INCOME TAX

	Year Ended April 30, 2017	Year Ended April 30, 2016
	$	$
Loss for the year	(497,305)	(191,744)
Expected income tax recovery at statutory rates of 26% (2016- 26%)	(129,299)	(49,854)
Net adjustments for amortization and other non deductible items	49,630	(107,622)
Current and prior tax attributes not recognized	79,669	157,476
		-

The components of deferred tax assets are as follows:

	Year Ended April 30, 2017	Year Ended April 30, 2016
Deferred tax assets		
Non-capital losses and capital loss carried forward	1,141,606	1,073,678
Mineral properties and others	15,004	3,263
Less : Unrecognized deferred tax assets	(1,156,610)	(1,076,941)
Net deferred tax assets	-	-

At April 30, 2017, the Company has non capital losses carried forward for Canadian income tax purposes totalling approximately $3,684,000 which will expire from 2031 to 2037 and may be applied against future taxable income. The Company also has approximately $470,000 of capital losses that may be carried forward and applied against future capital gains. In addition, the Company has approximately $13,000 of exploration and development costs which are available for deduction against future income for tax purposes. At April 30, 2017, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years

14. RELATED PARTY TRANSACTIONS

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

Accounts payable and accrued liabilities balances at April 30, 2017 outstanding to officers and directors of the Company in the amount of $22,245 (2016 - $Nil).

The Company accrued or paid professional fees of $13,838 (2016 - $2,500) to a CFO or a company owned by a CFO of the Company.

Office expense of $1,818 (2016 - $1,635), salaries and benefits of $27,866 (2016 - $7,435), professional fees $Nil (2016-$4,648), rent expense of $29,980 (2016 - $22,723) and telephone expense of $3,602 (2016 - $2,233) were charged back to 1888711 Alberta Inc., a company related by Don Allan (officer and director), Robin Ray (director) and Mel Angeltvedt (director).

Also, refer to Note 8 and 10 for related party transactions.

15. 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 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 during the year ending April 30, 2017.

16. FINANCIAL INSTRUMENTS

Risk Management

The Company's financial instruments consist of cash, other receivable, accounts payable 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 and convertible debentures were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% to 18% 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 April 30, 2017, the Company had cash balance of $106,110 and working capital deficit of $1,900,856. Management is considering different alternatives to secure adequate debt or equity financing to meet the Company short term and long term cash requirement.

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 ending April 30, 2017 is not significant.

(Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS (continued)

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 April 30, 2017 and 2016:

	As at April 30, 2017		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	106,110		-

	As at April 30, 2016		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	7,800	-	-

17. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the refining of municipal and construction waste into a renewable diesel fuel in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

18. SUBSEQUENT EVENTS

On July 16, 2017, 215,666 of those warrants with an exercise price of $0.25 per common share expired unexercised.

On July 17, 2017, the Company completed the first tranche of a private placement of 8,500,000 units ("Units") at $0.10 per Unit. Each Unit is comprised of 1 common share and one ½ warrant, with each full warrant ("Warrant") having an exercise price of $0.20 and an expiration date of twelve months from the date of issue of the Units, subject to reduction as previously disclosed and set out in the terms of the warrant certificates.

On July 17, 2017, two holders of convertible debentures (the "Debentures") elected to convert an aggregate amount equal to $125,000 due and payable to them into 1,250,000 common shares of the Company at $0.10 per Common Share in accordance with the terms of the Debentures.

On July 24, 2017, the Company signed a multi-year feedstock agreement with Mountainview Eco Products ("Mountainview"). This agreement will provide Cielo, at a fixed cost, with an ample supply of sawdust and wood shavings to fulfill 100% of the feedstock requirements for the Company's first commercial waste to renewable diesel refinery, which is currently under construction on the Company's High River, Alberta property. The agreement will commence on or about November 1, 2017 and shall continue until November 10, 2020.

On August 3, 2017, one holder of a convertible debentures (the "Debenture") elected to convert an amount equal to $10,512.51 into 105,125 common shares of the Company at $0.10 per Common Share in accordance with the terms of the Debenture.