CIELO

Window to a Cleaner World™

CIELO WASTE SOLUTIONS CORP.

Financial Statements

For the years ended April 30, 2021 and 2020

MANAGEMENT'S REPORT

To the shareholders of Cielo Waste Solutions Corp. ("Cielo" or the "Company"):

The accompanying financial statements of Cielo have been approved by the Board of Directors and prepared in accordance with International Financial Reporting Standards. The management of Cielo ("Management") is responsible for the integrity and objectivity of the information presented in the financial statements including the amounts based on estimates and judgments. The financial information contained in the management's discussion and analysis is consistent with the financial statements.

Management maintains accounting systems and related internal controls, policies, and procedures to provide reasonable assurance that assets are safeguarded, transactions are authorized, and complete and accurate financial records are maintained to provide reliable information for the preparation of the financial statements in a timely manner.

The Board of Directors oversee management's responsibility for financial reporting through the Audit Committee of the Board of Directors. The Audit Committee comprised of four directors, have reviewed and recommended the financial statements for approval to the Board of Directors. The financial statements have been further reviewed by the Board of Directors prior to their approval.

KPMG LLP Chartered Professional Accountants, the Company's external auditors, who are appointed by the Company's shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on the following page.

"Signed"	"Signed"
Don Allan President and Chief Executive Officer	Stephanie Li Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Cielo Waste Solutions Corp.

Opinion

We have audited the financial statements of Cielo Waste Solutions Corp. (the "Company"), which comprise:

- the statement of financial position as at April 30, 2021
- the statement of net and comprehensive loss for the year then ended
- the statement of changes in shareholders' equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw your attention to Note 3 of the financial statements, which indicates the Company has not yet generated revenue from is planned commercial operations, has accumulated losses of $58,445,822 as at April 30, 2021, generated a loss of $39,708,974 for the year then ended and requires additional capital to fund costs relating to research, development and other corporate activities over the next year and beyond.

As stated in Note 3 in the financial statements, these events or conditions, along with other matters as set forth in Note 3 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 20 to the financial statements ("Note 20"), which explains that certain comparative information presented:

- for the year ended April 30, 2020 has been restated
- as at May 1, 2019 has been derived from the financial statements for the year ended April 30, 2019 which have been restated (not presented herein).

Note 20 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

The financial statements for the year ended April 30, 2020 and April 30, 2019 (not presented herein but from which the comparative information as at May 1, 2019 has been derived), excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on September 21, 2020 and August 28, 2019, respectively.

As part of our audit of the financial statements for the year ended April 30, 2021, we also audited the adjustments that were applied to restate certain comparative information presented:

- for the year ended April 30, 2020
- as at May 1, 2019.

In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements:

- for the year ended April 30, 2020

- for the year ended April 30, 2019 (not presented herein)
- as at May 1, 2019.

Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other Information

Management is responsible for the other information. Other information comprises Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditors' report is Ernest Trevor Hammond.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 17, 2021

Cielo Waste Solutions Corp.
Statements of Financial Position

(In Canadian Dollars)

As at	Note	April 30, 2021	April 30, 2020 (Restated – Note 20)	May 1, 2019 (Restated – Note 20)
Assets				
Current Assets				
Cash		$ 17,176,212	$ 81,605	$354,258
GST and other receivables		530,460	247,997	151,888
Prepaid expenses		376,500	1,209,097	328,291
Inventory	5	342,225	152,948	209,754
		18,425,397	1,691,647	1,044,191
Non-current Assets				
Property, plant and equipment	6	26,623,622	18,565,688	11,861,302
Right-of-use assets	7	143,236	155,915	191,216
		26,766,858	18,721,603	12,052,518
Total Assets		$ 45,192,255	$ 20,413,250	13,096,709
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities		$ 4,134,553	$ 2,335,686	2,757,842
Deferred revenue and fees	8	3,750,000	1,250,000	1,000,000
Short-term warrant liability	13	10,169,563	147,681	538,825
Current portion of lease liability	9	59,307	30,677	-
Current portion of long-term debt	10	1,000,000	782,221	1,435,111
Current portion of convertible debentures	11	-	680,030	655,715
		19,113,423	5,226,295	6,387,493
Non-current Liabilities				
Royalty payable	12	889,219	866,431	747,498
Lease liability	9	120,757	157,585	213,919
Long-term debt	10	60,000	3,118,843	1,583,414
Convertible debentures	11	503,585	5,114,354	-
		1,573,561	9,257,213	2,544,831
Total Liabilities		20,686,984	14,483,508	8,932,324
Shareholders' Equity				
Share capital	13	79,672,607	20,941,031	15,866,131
Contributed surplus	13	3,278,486	3,725,559	2,850,531
Deficit		(58,445,822)	(18,736,848)	(14,552,277)
Total Shareholders' Equity		24,505,271	5,929,742	4,164,385
Total Liabilities and Shareholders' Equity		$ 45,192,255	$ 20,413,250	$13,096,709

Going concern (note 3), Commitments (note 16), and Subsequent events (note 21)

The accompanying notes are an integral part of these financial statements.

Cielo Waste Solutions Corp.

Statements of Net and Comprehensive Loss

Years ended April 30

(In Canadian Dollars)		**2021**	**2020 (Restated – Note 20)**
Incidental sales		$ 4,200	$ 3,000
Cost of sales		(4,200)	(3,000)
Gross profit		-	-
Expenses and other income			
Financing costs	14	5,052,865	523,136
General and administrative		2,623,758	2,662,113
Research and development		2,052,793	1,145,551
Share based compensation	13	397,937	223,245
Depreciation and amortization	6, 7	186,853	199,800
Loss (gain) on settlement of debt with shares & other	13	31,877	(97,588)
Fair value change of warrant	13	28,540,436	(391,144)
Other (income) expenses	13, 15	822,455	(80,542)
Loss before income taxes		(39,708,974)	(4,184,571)
Income taxes	19	-	-
Net loss and comprehensive loss		$ (39,708,974)	$ (4,184,571)
Loss per share	13		
Basic		$ (0.11)	$ (0.02)
Diluted		$ (0.11)	$ (0.02)

The accompanying notes are an integral part of these financial statements.

Cielo Waste Solutions Corp.

Statements of Changes in Shareholders' Equity

(In Canadian Dollars)	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, May 1, 2019 (Restated – Note 20)	**$15,866,132**	**$ 2,850,531**	**$ (14,552,277)**	**$ 4,164,386**
Shares issued on debt conversion	2,113,871	-	-	2,113,871
Shares issued on prepaid interest and warrants on convertible debenture issuance	2,193,699	534,446	-	2,728,145
Shares issued on debt settlement	483,227	-	-	483,227
Shares issued on conversion of RSU	307,500	(307,500)	-	-
Fair values of finders' warrants	-	424,837	-	424,837
RSU Vesting	-	223,245	-	223,245
Share issuance costs	(23,398)	-	-	(23,398)
Net loss for the period	-	-	(4,184,571)	(4,184,571)
Balance, April 30, 2020 (Restated – Note 20)	**$ 20,941,031**	**$ 3,725,559**	**$ (18,736,848)**	**$ 5,929,742**
Shares issued on debt conversion	20,215,257	-	-	20,215,257
Shares issued on prepaid interest and warrants on convertible debenture issuance	1,256,758	1,227,053	-	2,483,811
Shares issued for debt settlement	746,758	-	-	746,758
Shares issued for private placement	2,056,880	12,500	-	2,069,380
Shares issued for conversion of RSU	666,250	(666,250)	-	-
Shares issued for warrant exercise	33,440,655	(2,716,052)	-	30,724,603
Shares issued for option exercise	561,872	(118,873)	-	442,999
Fair value of finders' warrants	-	1,416,612	-	1,416,612
RSU vesting	-	156,230	-	156,230
Share issuance costs	(212,854)	-	-	(212,854)
Share based compensation	-	241,707	-	241,707
Net loss for the period	-	-	(39,708,974)	(39,708,974)
Balance, April 30, 2021	**$ 79,672,607**	**$ 3,278,486**	**$ (58,445,822)**	**$ 24,505,271**

The accompanying notes are an integral part of these financial statements.

Cielo Waste Solutions Corp.

Statements of Cash Flows

Years ended April 30

(In Canadian Dollars)		**2021**	**2020 (Restated – Note 20)**
Cash (used in) provided by operating activities:			
Net loss		$ (39,708,974)	$ (4,184,571)
Items not involving cash:			
Depreciation and amortization	6, 7	186,853	199,800
Bad debt expense		-	6,000
Loss (gain) on settlement of debts with shares & other	13	31,877	(97,588)
Stock based compensation	13	241,707	-
RSU vesting	13	156,230	223,245
Fair value change in warrants	13	28,540,436	(391,144)
Amortization of prepaid interest expense	11	1,510,777	1,139,251
Amortization of deferred financing costs	14	2,313,208	(1,250,770)
Accrued interest and accretion expenses	14	797,291	899,810
Other (income) expenses	13	1,080,104	-
Changes in non-cash working capital:			
GST and other receivables		(282,463)	(102,108)
Prepaid expenses		(110,753)	(433,367)
Inventory		(189,277)	56,806
Deferred revenues & deposits		2,500,000	1,250,000
Accounts payable and accrued liabilities		1,659,442	(676,531)
Cash used in operating activities		(1,273,542)	(3,361,167)
Cash (used in) provided by financing activities:			
Short-term loans	10	(30,081)	-
Lease liability	9	(58,382)	(55,345)
Long term loans	10	20,000	1,040,000
Payments on long term debt	10	(2,549,429)	-
Convertible debentures issued for cash	11	13,893,142	7,672,250
Share issuance for cash	13	2,056,880	-
Share issuance for warrant exercise	13	12,064,219	
Shares issuance for option exercise	13	443,000	
Share issuance costs	13	(212,854)	(23,398)
Warrant issuance for cash	13	12,500	-
Financing costs	14	(1,896,265)	(451,305)
Shares issuance for debt	13	746,758	-
Cash provided by financing activities		24,489,488	8,182,202
Cash used in investing activities:			
Additions of property plant and equipment	6	(6,419,319)	(5,093,688)
Changes in non-cash working capital		297,980	-
Cash provided by investing activities		(6,121,339)	(5,093,688)
Increase (decrease) in cash		17,094,607	(272,653)
Cash and cash equivalents, beginning of year		81,605	354,258
Cash and cash equivalents, end of year		$ 17,176,212	$ 81,605
Supplemental items:			
Cash interest paid		431,589	350,959

The accompanying notes are an integral part of these financial statements.

1. REPORTING ENTITY

Cielo Waste Solutions Corp. (“Cielo” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 2, 2011. Cielo is a publicly traded company with its shares listed to trade on the TSX Venture Exchange (“TSXV”) under the symbol “CMC” in June 2021, as well as on the OTC Venture Market (“OTCQB”), under the symbol “CWSFF”. The registered office of the Company is located at 610 – 475 West Georgia Street, Vancouver, BC V6B 4M9. The principal office of the Company is located at Suite #114, 5115 – 58th Street, Red Deer, AB, T4N 2L8.

Pursuant to a license agreement entered into between Cielo and 1888711 Alberta Inc. (“1888 Inc.”), a company related by a common officer and director of Cielo, dated June 14, 2016, as amended and restated on November 1, 2017, Cielo holds an exclusive global license to complete the development and commercialization of the renewable diesel technology on which its refineries are and will be based (the “License Agreement”). The technology, which is patented in Canada and the United States, uses landfill waste, tires, plastics, wood shavings and paper products to produce renewable kerosene (jet and marine fuels), highway diesel and naphtha through a catalytic thermal depolymerization process. Cielo retains the exclusive right to construct and commercialize the refineries using the technology and has agreed to pay royalties and commissions to 1888 Inc. from the commercialization of the technology.

2. STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared on a going concern basis and are presented in Canadian dollars. The accounting policies set out below have been applied consistently to each of the periods presented. These financial statements are prepared on a historical cost basis except for the warrant liabilities, which are measured at fair value each period end.

Certain amounts presented in the comparative period have been reclassified to conform with the current period presentation.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on September 17, 2021.

3. GOING CONCERN

The Company has not yet generated revenue from its planned commercial operations and has accumulated losses of $58,445,822 as at April 30, 2021 and generated a loss of $39,708,974 for the year ended April 30, 2021. There is a working capital deficit of $688,026 at April 30, 2021 and the Company will require additional capital to fund costs relating to research, development and other corporate activities over the next year and beyond. The Company will continue to explore alternatives to generate additional financing, which may include raising additional equity and debt or entering into strategic partnerships; however, there is no assurance that these initiatives will be successful.

The Company has not reached planned commercial operations and its ability to continue as a going concern is dependent on its ability to generate revenue and positive cash flow from operating activities, and its ability to obtain additional financing to fund the cost of research, development and other corporate activities. These matters create material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements have been prepared on the basis of generally accepted 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 as they become due. These financial statements do not reflect adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern assumption were not appropriate, adjustments might be necessary to the amounts and classifications of the Company’s assets and liabilities and the reported expenses. These adjustments could be material.

4. 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 to fund future working capital requirements involves judgment. Budgets and forecasts are subject to significant judgment and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company. The current economic climate may lead to adverse changes in cash flow or working capital levels, which may also have a direct impact on the Company's results and financial position. These and other factors may adversely affect the Company's liquidity in the future.

Fair value of convertible debentures and other long-term liabilities

In assessing the fair value of convertible debentures and other long-term liabilities either issued as part of a hybrid instrument or issued without interest or interest rate below market, management has to exercise judgment to estimate the fair value interest rate based on market conditions and the risks specific to the liability.

Warrants and Share-based payments

The estimation of the fair value of warrants and share-based payments 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 instrument issued, and the estimated number of stock options expected to vest and the expected time of exercise of those stock options.

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, 2021 and 2020, there were no cash equivalents.

c) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the average costing principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

d) Property, plant and equipment

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 estimated useful lives, using the following annual rates:

Asset	Method	Rate
Construction in Progress	no amortization until completion	
Computers	declining balance	50%
Equipment & Plant	declining balance	10%
Building	declining balance	4%

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.

e) 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.

The Company has a restricted share unit (“RSU”) plan (the “RSU Plan”) for certain directors, officers, consultants and employees of the Company. The equity-settled share-based compensation is measured at the fair value of the Company’s common shares as at the grant date using a volume weighted average share price in accordance with the terms of the RSU Plan. The fair value determined at the grant date is charged to income on a straight-line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be converted to common shares by the holder or payable in cash to the holder at the Company’s option, as applicable, with a corresponding increase in equity (contributed surplus). As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates.

On the vesting date of stock options and RSU’s, the Company revises the estimate to equal the number of equity instruments that ultimately vest. The impact of the revision of estimates, if any, is recognized in income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

f) 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.

g) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to share financing transactions are recorded and charged to share capital when the related shares are issued.

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 if their effect would be anti-dilutive.

i) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities recorded at fair value through profit or loss are recognized immediately in the statements of net and comprehensive loss.

Financial Assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (through OCI or through profit or loss)
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss for the period. The Company's liabilities classified as other financial liabilities, which include accounts payable and accrued liabilities, short-term loan payable, long term loan, convertible debentures and royalty payable, are initially measured at fair value net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the Statements of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention 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(s) are accounted for and presented separately according to their substance based on the definitions of liabilities 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, representing the holder's option to convert the liability into common shares or share purchase warrants attached to the compound instrument. When the initial carrying amount of a compound financial instrument is required to be allocated to its equity and liability components, the equity component(s) is assigned the residual amount after deducting the fair value of the liability component from the proceeds received for the compound instrument as a whole.

k) Impairment

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 impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

l) Provisions

Provisions are recorded when a present legal or constructive obligation exists because 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.

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, considering 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.

m) Revenue recognition

Revenue from Contracts with Customers

Revenues associated with the sale of diesel produced from the facility are recognized when there is persuasive evidence that an arrangement exists, the products are completed and delivered, the price is fixed or determinable and when the ultimate collection is reasonably assured. Proceeds received in advance of delivering produced products are recognized as deferred revenue.

During the years ended April 30, 2021 and 2020, the Company only produced incidental diesel products for sale as the Company is still in process of commencing its planned commercial operations.

The Company has also received fees upon entering memorandums of understanding with various counterparties with the intent to establish definitive joint venture agreements for the expansion of the Company's business in defined geographies. Fees are generally refundable if a definitive agreement is not reached. Accordingly, the fees received are recognized as deferred revenue and fees until performance obligations under the respective agreements have been satisfied.

n) Leases

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(In Canadian dollars)

Lease liabilities

At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, of the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

o) New accounting standards and interpretations

There have been no new accounting standards and interpretations issued by the IASB that have a material impact on the Company's financial statements for the year ended April 30, 2021.

5. INVENTORY

As at April 30,	**2021**	2020
Raw materials	**$ 281,290**	$ 149,587
Semi-processed product	**60,935**	3,361
	$ 342,225	$ 152,948

All inventory is subject to general security agreements related to a loan from BJK Holdings Ltd. (note 10), outstanding secured convertible debentures (note 11) and the 182 Loan (note 10). The loan from BJK Holdings Ltd. was repaid in full during the current year.

6. PROPERTY, PLANT AND EQUIPMENT

Cost	**Construction in Progress (Restated – Note 20)**	**Land**	**Building**	**Equipment**	**Computers**	**Total**
Balance, April 30, 2019	$ 9,154,015	$ 755,841	$ 931,499	$ 1,372,207	$ 24,126	$ 12,237,688
Additions	6,825,292	-	-	-	44,143	6,869,435
Balance, April 30, 2020	$ 15,979,307	$ 755,841	$ 931,499	$ 1,372,207	$ 68,269	$ 19,107,123
Additions	8,146,222	-	-	38,065	23,142	8,207,429
Balance, April 30, 2021	**$ 24,125,529**	**$ 755,841**	**$ 931,499**	**$ 1,410,272**	**$ 91,411**	**$ 27,314,552**
Accumulated Amortization						
Balance, April 30, 2019	-	-	$ 73,406	$ 291,468	$ 12,063	$ 376,937
Additions	-	-	34,324	108,074	22,100	164,498
Balance, April 30, 2020	-	-	$107,730	$399,542	$ 34,163	$ 541,435
Additions	-	-	32,951	97,743	18,801	149,495
Balance, April 30, 2021	**-**	**-**	**$ 140,681**	**$ 497,285**	**$ 52,964**	**$ 690,930**
Net Book Value						
Balance, April 30, 2020	$ 15,978,757	$ 755,841	$ 823,769	$ 972,665	$ 34,106	$ 18,565,688
Balance, April 30, 2021	**$ 24,125,529**	**$ 755,841**	**$ 790,818**	**$ 912,987**	**$ 38,447**	**$ 26,623,622**

During the year ended April 30, 2021, additions to Construction in Progress include capitalized borrowing costs of $1,788,110 (2020 - $1,775,197).

(In Canadian dollars)

7. RIGHT-OF-USE ASSETS

The Company had the following right of use assets:

Cost	**April 30, 2021**	April 30, 2020
Balance, beginning of period	**$ 247,111**	$ 247,111
Additions	**24,679**	-
Balance, end of period	**$ 271,790**	$ 247,111
Accumulated Amortization		
Balance, beginning of period	**$ 91,196**	$ 55,894
Additions	**37,358**	35,302
Balance, end of period	**$ 128,554**	$ 91,196
Net Book Value	**$ 143,236**	$ 155,915

8. DEFERRED REVENUE AND FEES

In February 2021, the Company received total proceeds of $1,500,000 in connection with a prepaid sale of 900,000 liters of renewable diesel at $1.67 per liter. The Company has agreed to assist the buyer in re-selling the inventory and has agreed to increase the volumes to be sold if the proceeds obtained by the buyer through the re-sale process are less than $1,500,000. The total proceeds $1,500,000 is recorded as deferred revenue in the statement of financial position as at April 30, 2021 (2020 – nil).

The Company entered into several memorandums of understanding ("MOU") with Renewable U and its affiliates. Pursuant to the MOUs, in consideration for the opportunity to enter into joint arrangement agreements, Renewable U and its affiliates pay a fee of $250,000, to the Company for the execution of each MOU. The fees are non-refundable unless a joint arrangement agreement is not executed. In the event that the Company does not execute a definitive joint arrangement agreement, the fees would be repaid by an issuance of common shares of the Company.

As at April 30, 2021, the Company received total fees of $2,250,000 from Renewable U and its affiliates (2020 - $1,250,000) in connection with the MOUs.

9. LEASE LIABILITY

The Company recognizes a lease liability on a lease of office premise. The present value of the lease and the accretion expenses are calculated using an incremental borrowing discount rate of 15%. The Company had the following future commitments associated with its lease obligations:

Lease liability	**April 30, 2021**	April 30, 2020
Balance, opening	**$ 188,262**	$ 213,919
Additions	**24,679**	-
Lease payments	**(58,382)**	(55,345)
Finance costs	**25,505**	29,688
Balance, ending	**$ 180,064**	$ 188,262

(In Canadian dollars)

The following table presents a reconciliation of the Company's undiscounted cash flows to their present value for its lease payable:

	April 30, 2021	April 30, 2020
Within 1 year	**$ 81,506**	$ 56,182
1 - 2 years	**58,452**	57,306
Over 2 years	**84,668**	143,120
Total undiscounted future lease payments	**$ 224,626**	$ 256,608
Amounts representing interest	**(44,562)**	(68,346)
Present value of net lease payments	**180,064**	188,262
Less current portion of lease liabilities	**(59,307)**	(30,677)
Non-current portion of lease liabilities	**$ 120,757**	$ 157,585

10. LONG-TERM DEBT

	April 30, 2021	April 30, 2020 (restated – Note 20)
Secured interest bearing loan, 12%, due June 1, 2022 (note 10(a))	**-**	$2,924,281
Secured interest bearing loan, 7%, due April 30, 2022 (note 10(b))	**$1,000,000**	$1,000,000
CEBA loan (note 10(c))	**$60,000**	$40,000
Deferred financing costs	**-**	(90,466)
Total debt	**1,060,000**	3,873,815
Less: current portion of long-term loans payable	**(1,000,000)**	(754,972)
Long-term portion of loans payable	**$60,000**	$3,118,843

a) On November 2, 2017, the Company entered into a $3,500,000, 12% per annum interest bearing loan agreement with BJK Holdings Ltd. (the "Lender") with a maturity date of June 1, 2022 (the "BJK Loan"). The BJK Loan was secured by all assets of the Company.

In connection with the BJK Loan, the Company issued an initial 25,000,000 non-transferable share purchase warrants to the Lender (the "Bonus Warrants") as inducement for the BJK Loan. Each Bonus Warrant entitles the Lender to purchase one common share of the Company at an exercise price of $0.20 (the "Exercise Price"). The terms of the Bonus Warrants contain an adjustment clause to increase the number of the Bonus Warrants outstanding, and to decrease the Exercise Price for any reorganizations or dilutive events during the term of the Bonus Warrants (note 13).

In March 2021, the Company repaid the $3,500,000 principal amount of the BJK Loan and accrued and unpaid interest in full, by way of a cash payment of $2,549,429 and by applying the deemed proceeds on the exercise of 10,000,000 warrants held by the Lender at an exercise price of $0.1093 per share for a total of $1,093,000.

b) On April 30, 2020, the Company entered into a loan agreement with 1823741 Alberta Ltd., with a maturity date of April 30, 2022 (the "182 Loan"). The 182 Loan converted $1,000,000 of payables to an interest-only loan at an interest rate of 7% per annum. In August 2021, the Company made a payment of $1,003,575 to 1823741 Alberta Ltd., to repay the principal and interest amounts in full.

c) On April 27, 2020, the Company received $40,000 from the Government of Canada sponsoring Canada Emergency Business Account in the form of a line of credit. On December 15, 2020, the Company received an additional $20,000 from the expansion of the program (the "CEBA Loan"). The CEBA Loan is non-interest bearing until December 31, 2022. If $40,000 of the CEBA loan is repaid in full on or before December 31, 2022, the balance of $20,000 will be forgiven. If $40,000 is not repaid in full on or before December 31, 2022, any unpaid portion of the CEBA loan will be converted to a 3-year term loan at an interest rate of 5% per annum.

(In Canadian dollars)

11. CONVERTIBLE DEBENTURES

The following table summarizes the changes to the outstanding principal amount of convertible debentures for the years ended April 30:

	2021	2020
Opening balance	**$ 6,706,750**	$ 500,000
Debentures issued during the year	**13,941,142**	8,307,250
Debentures converted during the year	**(19,859,880)**	(2,100,500)
Closing balance	**$ 788,012**	$ 6,706,750
Deferred financing costs	**(284,427)**	(1,132,396)
Accrued interest	**-**	220,030
	503,585	5,794,384
Less current portion	**-**	(680,030)
	$ 503,585	$ 5,114,354

In April 2021, the Company issued a total of 10,000 unsecured, non-interest bearing convertible debenture units for gross proceeds of $10,000,000. The debentures are convertible into common shares of the Company at a conversion price of $1.02 per share. The Company incurred transaction fees totaling 15% of the proceeds. During April 2021, the full amount of the debentures converted into 9,803,920 common shares.

During the year ended April 30, 2021, the Company issued a total of 3,941.1 convertible debenture units (the "C Convertible Debenture Units") for gross proceeds of $3,941,142 (the "C Convertible Debenture Offering"). During the year ended April 30, 2020, the Company issued a total of 753.5 convertible debenture units for gross proceeds of $753,500. The C Convertible Debentures Units each consist of one $1,000 unsecured convertible debenture (the "C Debentures") and 7,500 share purchase warrants. The C Debentures bear interest at a simple rate of 15% per annum, the initial three (3) years of interest prepaid (the "C Prepaid Interest") on the date of issuance of the C Debentures (the "C Issue Date") by the issuance of common shares (the "C Prepaid Interest Shares") at a price of $0.07 per C Prepaid Interest Share. The principal of the C Debentures (the "C Principal") together with all accrued interest exceeding the C Prepaid Interest (the "C Interest Balance") will be repaid 48 months from the C Issue Date unless repaid earlier by the Company without penalty or converted by the holder(s) thereof any time after four months and a day following the Issue Date at a price of $0.05 for the Principal and $0.07 for the Interest Balance. During the year ended April 30, 2021, $4,334,642 C Debentures were converted in 89,692,840 common shares of the Company. As at April 30, 2021, $360,000 of C Debentures remained outstanding.

During the year-ended ended April 30, 2020, the Company issued 5,121.75 convertible debenture units (the "A Convertible Debenture Units") for gross proceeds of $5,121,750 (the "A Convertible Debenture Offering"). The A Convertible Debentures Units each consist of one $1,000 unsecured convertible debenture (the "A Debentures") and 500 share purchase warrants. The A Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest prepaid (the "A Prepaid Interest") on the date of issuance of the A Debentures (the "A Issue Date") by the issuance of common shares (the "A Prepaid Interest Shares") at a price of $0.10 per A Prepaid Interest Share. The principal of the A Debentures (the "A Principal") together with all accrued interest exceeding the A Prepaid Interest (the "A Interest Balance") will be repaid 48 months from the A Issue Date unless repaid earlier by the Company without penalty or converted by the holder(s) thereof any time after four months and a day following the A Issue Date at a price of $0.06 for the A Principal and $0.10 for the A Interest Balance. During the year ended April 30, 2021, $3,011,750 (2020 - $1,895,500) A Debentures were converted in 50,195,837 (2020 – 31,591,667) common shares of the Company. As at April 30, 2021, $214,500 of A Debentures remained outstanding.

Additionally, during the year ended April 30, 2020, the Company issued a total of 2,432 convertible debenture units (the "B Convertible Debenture Units") for gross proceeds of $2,432,000 (the "B Convertible Debenture Offering"). The B Convertible Debentures Units each consist of one $1,000 unsecured convertible debenture (the "B Debentures") and 500 share purchase warrants. The B Debentures bear interest at a simple rate of 15% per annum, the initial two (2) years of interest prepaid (the "B Prepaid Interest", together with the A Prepaid Interest, collectively the "Prepaid Interest") on the date of issuance of the B Debentures (the "B Issue Date") by the issuance of common shares (the "B Prepaid Interest Shares") at a price of $0.12 per B Prepaid Interest Share. The principal of the B Debentures (the "B Principal") together with all accrued interest exceeding the B Prepaid Interest (the "B Interest Balance") will be repaid 48 months from the B Issue Date unless repaid earlier by the Company without penalty or converted by the holder(s) thereof any time after four months and a day following the Issue Date at a price of $0.08 for the Principal and $0.12 for the Interest Balance. During the year ended April 30, 2021, $2,132,000 (2020 – $165,000) B Debentures were converted in 26,650,000 (2020 – 2,062,500) common shares of the Company. As at April 30, 2021, $135,000 B Debentures remained outstanding.

(In Canadian dollars)

12. ROYALTY PAYABLE

	April 30, 2021	April 30, 2020
Royalty payable	**$ 889,219**	$ 889,219
Unaccreted discount on royalty payable	**-**	(22,788)
	$ 889,219	$ 866,431

Pursuant to an early warrant exercise incentive program in 2018 (the “Program”), 10,162,500 warrants were early exercised in exchange for a $0.0875 per warrant fixed rate royalty.

On July 3, 2020, the Company obtained at least 66.67% approval of the holders of the warrants to delay the commencement of payment associated with the royalties for a period of two years until July 3, 2022. Once production and sales begin, the Company will allocate 10% of gross sales to the payment of the royalties.

The fair value of the royalty payable of $662,189 was initially recognized as a share issue cost in 2018. The discount to the face value of the total royalty liability of $889,219 has been subsequently recognized using the effective interest rate method at 15% per annum.

13. SHARE CAPITAL

The aggregate number of Class A common shares and Class B preferred shares which are authorized and may be issued is unlimited. As at April 30, 2021, there are no Class B preferred shares issued or outstanding.

The number of common shares issued and outstanding:

	April 30, 2021		April 30, 2020	
Common Shares	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance, beginning of period	**244,044,047**	**$ 20,941,031**	175,687,011	$ 15,866,132
Issued for debenture conversion	**180,711,237**	**20,215,257**	34,188,177	2,113,871
Issued for prepaid interest on convertible debenture	**25,335,915**	**1,256,758**	26,289,180	2,193,699
Issued for debt settlement	**10,433,814**	**746,758**	6,379,679	483,227
Issued for private placement	**25,691,000**	**2,056,880**	-	-
Issued for warrant exercise	**117,786,925**	**33,440,655**	-	-
Issued for option exercise	**4,430,000**	**561,872**	-	-
Issued for RSU conversion	**3,250,000**	**666,250**	1,500,000	307,500
Share issuance cost	**-**	**(212,854)**	-	(23,398)
Balance, end of period	**611,682,938**	**$ 79,672,607**	244,044,047	$ 20,941,031

a) Debenture conversions

During the year ended April 30, 2021, the Company converted debentures and accrued interest of $19,938,392 and $276,865, respectively, into 180,711,237 common shares of the Company. The carrying value of the debentures and accrued interest were reclassified to equity on the conversion dates.

During the year ended April 30, 2020, the Company converted debentures and accrued interest of $2,100,000 and $13,871, respectively, into 34,188,177 common shares of the Company. The carrying value of the debentures and accrued interest were reclassified to equity on the conversion dates.

b) Prepaid interest on debentures

During the years ended April 30, 2021, the company issued common 25,335,915 common shares for a value of $1,256,758 (2020 - 26,289,180 shares for a value of $2,193,699) to settle the prepaid interest requirements of the convertible debentures.

(In Canadian dollars)

c) Debt settlements

During the years ended April 30, 2021, the Company issued 10,433,814 common shares with an issue date fair value of $746,758 to settle certain outstanding debts totaling $704,989. The resulting loss on settlement of $41,769 was recognized in the statement of net and comprehensive loss.

During the years ended April 30, 2020, the Company issued 6,379,679 common shares with an issue date fair value of $483,228 to settle certain outstanding debts totaling $507,072. The resulting gain on settlement of $23,844 was recognized in the statement of net and comprehensive loss.

d) Private placements

In November 2020, the Company issued 6,315,000 equity units at $0.08 per unit pursuant to a private placement for gross proceeds of $519,300 and a debt settlement at fair value of $89,300 to settle a debt of $75,200 resulting in a loss of $14,100. Each equity unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at the price of $0.12 per underlying common share for a period of 3 years subject to a reduced term of 30 days from the date of notice if the market price is $0.20 or higher for five consecutive days. The warrants were valued using a residual value method to first allocate the proceeds of the private placement to the shares issued. As the value of the private placements approximated the fair value of the shares, no value was assigned to the warrants.

In December 2020, the Company issued 19,376,000 equity units at $0.08 per unit pursuant to a private placement for gross proceeds of $1,550,080 and a debt settlement at fair value of $10,000 to settle a debt of $10,000 resulting in no gain/loss. Each equity unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable at the price of $0.12 per underlying common share for a period of 3 years subject to a reduced term of 30 days from the date of notice if the market price is $0.20 or higher for five consecutive days. The warrants were valued using a residual value method to first allocate the proceeds of the private placement to the shares issued. As the value of the private placements approximated the fair value of the shares, no value was assigned to the warrants.

e) Warrants

Continuity of the Company's share purchase warrants (excluding broker/finder warrants) is as follows:

	Number of Warrants	Weighted average exercise price	Reserve amount
Balance April 30, 2019	39,104,762	0.187	3,621,498
Issued in connection with Convertible debenture	14,817,525	0.126	959,283
Issued in connection with BJK Adjustment (note 10)	5,285,798	-	-
Balance April 30, 2020	59,208,085	0.160	4,580,781
Issued in connection with Convertible debenture	32,678,565	0.07	1,349,168
Issued in connection with private placements	27,627,080	0.12	121,318
Issued in connection with BJK Adjustment	18,854,354	-	-
Issued in connection with prepaid fuel sale	3,750,000	0.135	1,185,678
Exercised	(117,786,925)	0.135	(5,158,369)
Balance April 30, 2021	**24,331,159**	**0.10**	**2,078,576**

In February 2021, the Company received total proceeds of $1,500,000 in connection with a prepaid sale of 900,000 litres of renewable diesel at $1.67 per litre. In connection with this transaction, the Company paid an officer of the buyer a finder's commission of 5% of the proceeds and 3,750,000 share purchase warrants entitling the holder to purchase one common share per warrant at an exercise price of $0.135 per share expiring 2 years from the date of issuance. The 1,084,104 value of the warrants was expensed and recorded in Other expenses (income) on the Statement of Net Loss.

(In Canadian dollars)

As at April 30, 2021, the Company had the following warrants outstanding:

Exercise Price	Number of Outstanding and Exercisable	Weighted Remaining life (Years)	Weighted average exercise price
0.0913	20,250,909	1.51	$ 0.091
0.12*	100,000	2.61	0.12
0.135	3,750,000	1.82	0.135
0.25	230,250	2.2	0.25
	24,331,159	**1.57**	**$ 0.10**

*subject to early exercise on May 6, 2021 due to share price acceleration

The fair value of each warrant granted is estimated as of the grant date using the Black-Scholes option pricing model.

The following weighted average assumptions were used in arriving at the weighted average fair values of the equity classified warrants:

	2021	2020
Risk-free interest rate	**0.32%**	1.06%
Expected life	**3.94**	4.0
Expected volatility	**146.56%**	184.86%
Share price at grant date	**$0.05**	$0.07

The warrants issued in connection with the BJK Loan are recognized as a current liability in the statements of financial position with the unrealized gains/losses resulting from the changes in fair value each period recognized as a non-cash item in the statement of net and comprehensive loss. As these warrants are exercised, the fair value of the recorded warrant liability on the date of exercise is removed from the warrant liability account and recorded in share capital along with the proceeds from the exercise. If these warrants expire, the related decrease in warrant liability is recognized in profit or loss, as part of the change in fair value of warrant liability.

The following weighted average assumptions were used in arriving at the weighted average fair values of the liability classified warrants:

	2021	2020
Number of warrants issued	**18,854,354**	5,285,798
Risk-free interest rate	**0.20%**	1.37%
Expected life	**1.52**	2.6
Expected volatility	**130%**	132%
Lack of marketability discount	**40%**	65%
Share price at grant date	**$0.40**	$0.07
Number of warrants outstanding	**20,250,909**	31,396,555

The fair value of the warrant liability is a level 3 fair value measure due to the use of significant unobservable inputs as follows:

	April 30, 2021	April 30, 2020 (restated – Note 20)
Opening balance	**$ 147,681**	$ 538,825
Exercise of warrants	**(18,518,554)**	-
Change in fair value of warrant lability	**28,540,436**	(391,144)
Warrant liability, ending	**$ 10,169,563**	$ 147,681

f) Stock Options

The Company amended its stock option plan (the "Stock Option Plan") effective June 18, 2021, subject to the approval of the disinterested shareholders of the Company, to be obtained at the annual general and special meeting of the shareholders, to be held on October 21, 2021. The Stock Option Plan provides for a fixed maximum of 63,567,991 common shares to be reserved for issuance under the Stock Option Plan, being 10% of the issued and outstanding common shares of the Company as at the date the Stock Option Plan became effective, less 950,000 stock options that were granted under the Company's previous stock option plan (the "Predecessor Stock Option Plan"). Once the 950,000 existing stock options expire or are exercised, the Predecessor Stock Option Plan will be of no further effect. Under the Stock Option Plan, the Company may grant options to its directors, officers, employees, and consultants.

(In Canadian dollars)

On June 5, 2020, 5,450,000 stock options were granted, vested immediately upon the date of grant, and are exercisable at $0.10 per share for a period of three years (subject to earlier termination). On March 29, 2021, 500,000 stock options were granted to a firm performing investor relations activities, such options vesting 25% quarterly, exercisable at $1.25 for a period of two years (subject to earlier termination).

Continuity of the Company's option is as follows:

	Number	Weighted Average exercise Price
Balance April 30, 2019	10,240,000	$0.17
Expired	(6,500,000)	$0.123
Balance April 30, 2020	3,740,000	$0.25
Issued	5,950,000	$0.197
Canceled	(20,000)	$0.25
Expired	(3,845,000)	$0.245
Exercised	(4,430,000)	$0.10
Balance April 30, 2021	1,395,000	$0.512

The above stock options have a weighted average remaining life of 2.03 years.

The fair value of each option granted is estimated as of the grant date using the Black-Scholes option pricing model. The following weighted average assumptions were used in arriving at the weighted average fair values of $.09 per option associated with stock options granted during the year ended April 30, 2021(year ended April 30, 2020 -nil).

	2021	2020
Issued in connection with convertible debenture		
Risk-free interest rate	**0.44%**	Nil
Expected life	**2.92 years**	Nil
Expected volatility	**129%**	Nil
Share price at grant date	**$0.12**	Nil
Expected dividends	**Nil**	Nil

The following table summarizes the options outstanding and exercisable at April 30,2021:

Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining life(years)**	**Weighted Average Exercise Price**	**Number Exercisable**
$0.10	895,000	2.10	$0.10	895,000
$1.25	500,000	1.91	$1.25	125,000
	1,395,000	2.03	$0.51	1,020,000

g) Restricted Share Units

The Company amended and replaced its restricted share unit plan with a non-option incentive plan (the "Non-Option Plan") effective June 18, 2021, subject to the approval of the disinterested shareholders of the Company, to be obtained at the annual general and special meeting of the shareholders to be held on October 21, 2021. The Non-Option Plan provides for a fixed maximum of 25,807,196 common shares to be reserved for issuance under the Non-Option Plan, being 4% of the issued and outstanding common shares of the Company as at the date the Non-Option Plan became effective. No restricted share units that had been issued under the predecessor restricted share unit plan (the "Predecessor RSU Plan") were issued and outstanding at the time that the Non-Option Plan became effective. Under the Non-Option Plan, the Company may grant restricted share units, performance share units, deferred share units and share appreciation rights to directors, officers, employees and consultants. RSUs can be settled by cash or issuance of common shares upon vesting.

Restricted share units that were issued under the Predecessor RSU Plan vested over a period of 3 years. During the year ended April 30, 2021 and 2020 no RSUs were granted.

(In Canadian dollars)

	Number of restricted stock units	Weighted average grant date fair value
Outstanding, April 30, 2019	4,750,000	0.205
Exercised	(1,500,000)	0.205
Outstanding, April 30 ,2020	3,250,000	0.205
Exercised	(3,250,000)	0.205
Outstanding, April 30, 2021	**-**	**-**

h) Share-based compensation

For the years ended April 30,	2021	2020
Stock options	**$241,707**	$ -
Restricted share units	**156,230**	223,245
Total share-based compensation	**$397,937**	$223,245

i) Share issue costs

During the year ended April 30, 2021, the company recognized total share issue costs of $212,854 (2020 - $23,398).

j) Per share amounts

Basic and diluted loss per share have been calculated based on the weighted average number of shares outstanding for the year ended April 30, 2021 of 348,222,026 (2020 – 207,521,739).

The effect of any potential exercise of convertible debentures, warrants, stock options and restricted share units is excluded from the calculation of diluted loss per share for the years ended April 30, 2021 and 2020 as the effect would be anti-dilutive.

14. FINANCING COSTS

	2021	2020
Amortization of deferred financing costs	$ 3,525,599	328,302
Interest on long-term debt	3,267,083	1,821,410
Accretion of debentures	22,788	118,933
Accretion of lease liability	25,505	29,688
Capitalized interest	(1,788,110)	(1,775,197)
Total	**$ 5,052,865**	**$ 523,136**

15. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are comprised of Cielo's executive officers and the Board of Directors. Compensation of key management personnel is reviewed annually by the human resource and governance committee of the Board of Directors against a selected industry peer group to align the interests of key management personnel and shareholders.

Compensation expenses for key management personnel are summarized below:

	2021	2020
Salary and cash bonus	**$ 558,416**	$ 373,681
Equity settled share-based compensation	**277,522**	181,708
Total	**$ 835,938**	$ 555,389

(In Canadian dollars)

Common shares issued to key management personnel are summarized below:

	2021		2020	
	Number of shares	**Amount**	Number of shares	Amount
Shares issued for convertible debentures conversion	**16,623,757**	**$ 751,000**	-	-
Shares issued for prepaid interest	**372,857**	**17,871**	2,570,143	247,435
Shares issued for warrant exercise	**4,101,827**	**662,153**	-	-
Total	**21,098,441**	**$ 1,431,024**	2,570,143	$ 247,435

1888711 Alberta Inc.

The president and CEO of 1888 Inc is an officer and director Cielo. During the year ended April 30, 2021, Cielo charged 1888 Inc total expenses of $91,217 (2020 - $71,800) in relation to 1888 Inc using Cielo's office space for business purposes. As at April 30, 2021, the amount receivable from 1888 Inc is $186,216 (2020 - $94,999).

The royalty payable by Cielo to 1888 Inc under the License Agreement is equal to $0.05 on every liter produced worldwide arising from the commercialization of the licensed technology. Once a facility reaches 14 days of production, Cielo may terminate the royalty fee in respect of a facility by paying the greater of $2,000,000 and the sum of $1,200 per liter per hour of capacity. 1888 Inc is also entitled to certain facility fees, equal to, with respect to the 2nd through 11th operating refineries, $500 for every 1 liter per hour of capacity of each such facility, and $400 for every 1 liter per hour of capacity with respect to each facility of Cielo after the 11th facility. Once a facility reaches 14 days of production, Cielo may terminate facility fees for each existing and any future refineries by paying the greater of $2,000,000 and the sum of $1,200 per liter per hour of capacity.

Cielo also has a right to repurchase the rights in the technology it had granted to 1888 Inc, as well as all intellectually property and any and all patents relating to the technology, at any time following the 14th day of operations of any commercial refineries based on production if it makes the payments set out above for the termination of the royalties and facility fees.

RENEWABLE U

Cielo's Senior Vice President of Global Development & Indigenous Relations and Senior Vice President of Corporate Development & Investor Relations, are both directors and shareholders of Renewable U, a privately-owned Alberta corporation. The Chief Executive Officer ("CEO") and director of Renewable U, Ryan Jackson is also a director of Cielo.

The Company entered into several MOUs with Renewable U and its affiliates. Pursuant to the MOUs, in consideration for the opportunity to enter into joint arrangement agreements to construct and operate waste to fuel refineries, Renewable U and its affiliates pay a fee of $250,000, to the Company for the execution of each MOU. The fees are non-refundable unless a joint arrangement agreement is not executed. In the event that the Company does not execute a definitive joint arrangement agreement, in which case the fees would be repaid by an issuance of common shares of the Company.

During the years ended April 30, 2021, and 2020, the Company entered into four (4) MOUs (2020 – one (1) MOU) with Renewable U and its affiliates. Renewable U paid the Company cash fees of $1,000,000 and $250,000 in fiscal 2021 and 2020, respectively.

Pursuant to the MOUs, the Company will be responsible for overseeing the planning, construction, commissioning and operation of each facility and will receive a management fee for the planning and construction of each facility equal to 7% of the project costs for such facility subject to certain exclusions and will continue to receive management fees once operations begin based on industry standards. For the years ended April 30, 2021, and 2020, the Company charged Renewable U management fees of $257,649 and $80,542, respectively, for the planning and construction of refineries subject to joint arrangement. The management fees were recorded as other income in the statements of net and comprehensive loss. As at April 30, 2021, the amount receivable from Renewable U is $97,194 (2020 - $84,569).

(In Canadian dollars)

BRAND U

Cielo's Senior Vice President of Global Development & Indigenous Relations and Senior Vice President of Corporate Development & Investor Relations each owns 1/3 of the total outstanding shares of Brand U. On November 1, 2019, Cielo entered into a marketing service agreement with Brand U, whereby Brand U provides marketing service to Cielo, in exchange for a service fee.

In connection with the marketing service agreement, Brand U charged Cielo service fees of $199,713 and $108,816, respectively, for the years ended April 30, 2021, and 2020. In September 2020, the Company issued 1,575,000 common shares with a fair value of $110,250, as a form of payment to Brand U. As at April 30, 2021, the amount payable to Brand U is $21,644 (April 30, 2020 - nil).

SSCR CORPORATE SOLUTIONS ("SSCR")

The Company's former Chief Financial Officer ("CFO") who resigned subsequent to April 30, 2021, controlled SSCR**.** SSCR provides accounting, human resource and payroll services to Cielo, in exchange for a service fee. For the years ended April 30, 2021, and 2020, SSCR charged Cielo service fees of $246,724 and $132,143, respectively, for accounting services provided by the former CFO, which have been included in the compensation expenses for key management personnel table above. In addition, SSCR charged Cielo service fees of $35,857 in the current year (2020 - $26,563) for human resource and payroll services. As at April 30, 2021, the amount payable to SSCR is $20,674 (April 30, 2020 – $28,266).

16. COMMITMENTS AND CONTINGENCIES

As at April 30, 2021, the Company is committed to expenditures under various contracts with service providers for general and administrative services. As at April 30, 2021, the Company had contractual obligations as follows:

	2022	2023	2024	Total
Lease obligations	$ 81,506	$ 58,452	$ 84,668	$ 224,626
General and administrative contracts	31,895	6,000	-	37,895
Other	120,000	43,846	-	163,846
Total contractual obligations	$ 233,401	$ 108,298	$ 84,668	$ 426,367

17. CAPITAL MANAGEMENT

The Company's policy is to safeguard its asset and be able to continue as a going concern, so that it can continue to fund research, development and corporate activities, and provide returns to shareholders. Management monitors the capital structure and return on capital 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 capital to fund its research and development and commence commercial operations. To secure the additional capital necessary to pursue these plans, the Company will continue to explore alternatives to generate additional cash including raising additional equity and debt. See note 3 for additional information.

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Classification and Measurement

Financial Assets

Financial assets are initially measured at fair value. In the case of a financial asset not at fair value through profit or loss, the financial asset is initially measured at fair value plus or minus transaction costs.

Under IFRS 9 Financial Instruments ("IFRS 9"), financial assets are subsequently measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Company's business model for managing the assets; and whether the financial asset's contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The Company's financial assets include cash, GST and other receivables. The classification and measurement of these financial assets are at amortized cost, as these assets are held within the Company's business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Under IFRS 9, accounting for impairment losses for financial assets uses a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires that a loss allowance is recorded for ECLs on all financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Given the short-term nature of the financial assets carried at amortized costs the expectation of realizing the full value of these assets, the Company has not recorded any ECL for the years ended April 30, 2021 or 2020.

Financial Liabilities

Financial liabilities are initially measured at fair value. Under IFRS 9 *Financial Instruments* ("IFRS 9"), financial liabilities are subsequently measured at amortized cost or fair value through profit or loss ("FVTPL"). The Company's financials liabilities are classified and measured as follows:

Financial Liability	Classification	Measurement
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Deferred revenue and fees	Other liabilities	Amortized cost
Lease liability	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost
Royalty payable	Other liabilities	Amortized cost
Convertible debenture	Other liabilities	Amortized cost
Warrant liability	FVTPL	Fair value

Financial liabilities are classified as FVTPL if they are designated as such by management provided certain conditions are met. Financial liabilities designated as FVTPL are measured at fair value with changes in fair value recognized in profit or loss.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. In determining the fair value measurement of the Company's financial instruments, the related inputs used in measuring fair value are prioritized according to the following hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable
- Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing

The fair value of the warrant liability is considered a level 3 valuation to the use of unobservable inputs (note 13).

Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, including the development and monitoring of the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Management performs ongoing assessments so that all significant risks related to financial instruments are reviewed and addressed in light of changes to market conditions and the Company's operating activities.

(In Canadian dollars)

The Company is exposed to the following risks associated with its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity is to ensure, to the greatest extent possible, that it will have sufficient liquidity to meet its liabilities when due.

The future cash requirements of the Company are estimated by preparing a budget annually. The budget establishes the approved activities for the upcoming year and estimates the costs associated with these activities. Actual spending relative to budgeted expenditures is monitored regularly by management.

The Company's exposure to liquidity risk is dependent on its research and development activities and associated commitments and obligations, and the raising of capital. The Company relies on external financing to support its operations. To date, the research and development activities have been funded primarily through debt, convertible debentures and the exercise of common share purchase warrants. Management constantly monitors capital markets. There are no assurances that funds will be available to the Company when required. As at April 30, 2021, the Company's cash is not subject to any external restrictions. The Company also continuously monitors actual and projected expenditures and cash flows.

The table below presents a maturity analysis of the Company's financial liabilities on the expected cash flows from April 30, 2021 to the contractual maturity date. The amounts are equivalent to the following contractual undiscounted cash flows.

	2021	**2022**	**2023**	**After 2023**
Accounts payable and accrued liabilities	4,134,553	-	-	-
Royalty payable	-	-	889,219	-
Long-term debt		1,000,000	60,000	-
Lease liability		81,506	58,452	84,668
Total	**$4,134,553**	**$1,081,506**	**$1,007,671**	**$84,668**

As at April 30, 2021, the Company had cash balance of $17,176,212 and working capital deficit of $688,026. Management is considering different alternatives to secure adequate financing to meet the Company's longer term cash requirement for commercializing its operations and developing new facilities. See note 3 for additional information.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's expenses or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was not exposed to fluctuating market interest rates on its debt instruments.

Currency Risk

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 is exposed to currency risk on transactions that are denominated in a currency other than the functional currency. As at April 30, 2021, the Company had US dollar denominated accounts payable of $7,500 USD. The Company's exposure to currency risk is not significant.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist primarily of cash and the receivable from 1888 Inc., which is a related party. The Company manages its exposure to credit loss by holding cash on deposit with major financial institutions.

(In Canadian dollars)

As at April 30, 2021, the carrying amounts of the Company's cash, GST and other receivables approximate their fair value due to their short-term nature.

19. INCOME TAXES

The provision for income taxes differs from the amount which would be obtained by applying the combined statutory federal and provincial income tax rate to the net loss in the year. A reconciliation of the expected tax and the actual provision for income taxes is as follows:

	April 30, 2021	April 30, 2020
Loss for the year	$ (39,708,974)	$(4,181,151)
Statutory rate	23%	27%
Expected income tax recovery at statutory rates	(9,133,064)	(1,129,834)
Net adjustments for amortization, deductible and other non- deductible items	7,259,060	(195,363)
Current and prior tax attributes not recognized	1,874,004	1,325,197
Income tax expense	$ -	$ -

On October 20, 2020, the Government of Alberta accelerated the general corporate tax rate reduction from 10% to 8% effective July 1, 2020, which results in a combined Canadian federal and provincial income tax rate for 2021 of 23% (2020 – 27%).

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profits against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. At April 30, 2021, there were insufficient expectations of future taxable profits and the deferred tax asset is unrecognized. The components of the unrecognized deductible assets are as follows:

Deferred tax assets	April 30, 2021	April 30, 2020
Non-capital losses and capital loss carried forward	$ 3,814,956	$3,717,238
Mineral properties and others	227,818	281,650
Less : Unrecognized deferred tax assets	(4,042,774)	(3,998,888)
Net deferred tax assets	$ -	$ -

At April 30, 2020, the Company has non-capital losses carried forward for Canadian income tax purposes totaling approximately $16,116,000 (2020-$13,500,000) which will expire from 2031 to 2040 and may be applied against future taxable income. The Company also has approximately $470,000 (2020- $470,000) of capital losses that may be carried forward and applied against future capital gains.

20. RESTATEMENT OF COMPARATIVE PERIOD FINANCIAL STATEMENTS

The April 30, 2020 comparative period financial statements, including the opening deficit as at May 1, 2019, have been restated to reflect the correction of the two errors described below.

1) In accordance with IFRS, the Company is required to capitalize borrowing costs on qualifying assets, which includes the amounts that the Company has incurred in relation to its construction in progress activities. During the period of commencing construction activities in 2017 through to April 30, 2020, the Company incurred borrowing costs but did not capitalize these costs as required under IFRS. To reflect the correct application of capitalizing borrowing costs over the life of the project through to April 30, 2020, the comparative period financial statements and the reported deficit at May 1, 2019 have been restated.

2) During the year ended April 30, 2018, the Company completed a $3.5 million financing arrangement with BJK Holdings Ltd., which included $3.5 million of debt financing as well as the issuance of 25,000,000 share purchase warrants (the "BJK warrants"). At the time of recognizing these transactions in the April 30, 2018 audited financial statements, the Company initially recorded the face value of the debt component of the financing at $3.5 million and recorded the estimated fair value of the warrants of $3.3 million as a financing expense in the Statement of Net and Comprehensive Loss with an offsetting entry recorded in contributed surplus in the Statement of Changes in Shareholders' Equity. The number of warrants and the exercise price of the warrants from this transaction were subject to adjustments for any reorganizations or dilutive events during their term. In preparation of the April 30,

(In Canadian dollars)

2021 financial statements, the Company determined that the warrant adjustment clause should have resulted in the accounting for the BJK warrants as derivative instruments since their initial recognition rather than as equity instruments in the original accounting. Derivative instruments are required to be recorded at fair value each reporting period, which should have resulted in a warrant liability revalued at each period end incorporating any adjustments to the number of BJK warrants outstanding and their exercise price. As part of the process of updating the cumulative and comparative period impacts of this error, the Company also adjusted the amounts initially recorded for the debt component of the financing and the fair value of the warrants due to errors identified in the initial valuation methodology.

The restatement impact of the two errors described above on the comparative period financial statements, including the opening deficit as at May 1, 2019, have been summarized in the tables below. In addition to the two errors, the restatements summarized below include a reclassification of the accelerated amortization of pre-paid interest expense of $523,136 required upon the early conversion of certain convertible debentures that had previously been recognized as “Loss (gain) on settlement of debt with shares” in the Statements of Net and Comprehensive Loss and has now been presented as part of Financing costs. This reclassification was recorded to conform with the current period presentation.

Financial Statement Caption	**Amount previously reported for the year ended April 30, 2020**	**Amount restated for the year ended April 30, 2020**	**Change**
Property, Plant & Equipment	15,835,170	18,565,688	2,730,518
Warrant liability	-	147,681	147,681
Long term debt	3,694,562	3,118,843	(575,719)
Contributed surplus	7,025,765	3,725,559	(3,300,206)
Deficit April 30, 2020	(25,195,610)	(18,736,848)	6,458,762
Financing costs	1,579,072	523,136	(1,055,936)
Loss (gain on settlement of debt with shares)	425,548	(97,588)	(523,136)
Fair value change in warrants	-	(391,144)	(391,144)
Net and Comprehensive Loss	(6,154,787)	(4,184,571)	1,970,216
Loss per Share	(0.03)	(0.02)	0.01

The restatement impact of the two errors described above on the opening statement of financial position as at May 1, 2019 are as follows:

Financial Statement Caption	**Amount previously reported as at April 30, 2019**	**Amount restated as at May 1, 2019**	**Change**
Property, Plant & Equipment	10,905,981	11,861,302	955,321
Warrant liability	-	538,825	538,825
Long term debt	2,355,258	1,583,414	(771,844)
Contributed surplus	6,150,737	2,850,531	(3,300,206)
Deficit	(19,040,823)	(14,552,277)	4,488,546

21. SUBSEQUENT EVENTS

Asset Purchase in Fort Saskatchewan, Alberta

In May 2021, the Company entered into an agreement to purchase 60 acres of land and approximately 32,000 square feet industrial building in Fort Saskatchewan, Alberta for $13 million (the “Asset Purchase”). The land is for future development of a facility.

The Asset Purchase was completed in August 2021. The purchase price of $13 million was funded by cash on hand of $1 million and a $12 million loan by a syndicate with First Choice Financial (“FCF”) and KV Capital (“KV”) (the “Loan”). The Loan includes an annual interest rate of 6% and is secured with the assets of Fort Saskatchewan and the Aldersyde facility. The 12-month term is subject to automatic renewal at the end of the original term for further six-month terms to a maximum of five years. The Loan is interest payment only and Cielo is entitled to repay the Loan at any time before maturity without penalty.

In connection with the Loan, Cielo issued 12 million non-transferable share purchase warrants (the "Bonus Warrants") as inducement for the Loan. Each Bonus Warrant will entitle the holder to purchase one common share of the Company at an exercise price of $1.00 for a period of 36 months, however, if the Loan is repaid in whole or in part during its term, a pro rata number of the total Bonus Warrants will have their term reduced to the date that is 90 days from such repayment.

Share Issuance upon Exercise of Warrants, Stock Options and Conversion of Convertible Debentures

In May 2021, the Company issued 20,589,474 common shares upon the exercise of 20,589,474 Bonus warrants outstanding in connection with the BJK Loan. The exercise prices of these warrants were between $0.09 to $0.25 per share. Upon exercise of these warrants, the adjustment clause to increase the number of Bonus Warrants outstanding and to decrease the Exercise price for any reorganizations or dilutive events is no longer applicable.

In May 2021, the Company issued 445,000 shares upon the exercise of 445,000 stock options at the exercise price of $0.10 per share.

In June 2021, the Company issued 12,462,500 common shares upon the conversion of $709,500 principal of convertible debentures. The exercise prices of these convertible debentures were between $0.05 and $0.08 per share.

Convertible Debenture Financing

In August 2021, the Company completed a non-brokered, convertible debenture financing, and received gross proceeds of $4,000,000 (the “Financing”).

Pursuant to the Financing, the Company issued 4,000 non-interest-bearing, unsecured convertible debentures (the “Debentures”), each issued at $1,000 per August 2021 Debenture, on a prospectus-exempt basis, the principal amount of the Debentures being convertible into common shares at $1.25 per share during the 12-month term of the August 2021 Debenture..

The net proceeds will be used for engineering work for the facility to be built on land acquired by Cielo in Fort Saskatchewan, Alberta, or otherwise in the sole discretion of the Company. In connection with the Financing, Cielo will pay transaction fees to FCF equal to $280,000 and a commission to a third party equal to $320,000.

Following the issuance of the debentures, the full $4,000,000 of the principal amount was converted into 3,200,000 shares of the Company at the conversion price of $1.25 per common share.

Repayment of Promissory Note

In August 2021, the Company made a payment of $1,003,575 to 1823741 Alberta Ltd., to repay the principal and interest amounts in full. The principal of $1,000,000 was recorded as current portion of long-term debt on the Statement of Financial Position for the year ended April 30, 2021.

Office Lease in Calgary, Alberta

In September 2021, the Company entered into an approximate 10,000 square foot office lease agreement in downtown Calgary. The term of the lease is 5 years commencing November 1, 2022 (the “Lease Term”). The annual lease payment includes base rent between $104,000 to $146,202, and additional rent of approximately $200,000 during the Lease Term.