CIELO

Window to a Cleaner World™

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

FOR THE NINE MONTHS ENDED JANUARY 31, 2021

Notice to Reader

The following is management's discussion and analysis – quarterly highlights ("MD&A") in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (the "Company" or "Cielo") for the nine months ended January 31, 2021 and 2020. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51- 102F1, in accordance with National Instrument 51- 102 – Continuous Disclosure Obligations. It should be read in conjunction with the Company's audited annual financial statements for the year ended April 30, 2020, together with the notes thereto, and the accompanying unaudited interim condensed financial statements and related notes for the nine months ended January 31, 2021.

Forward Looking Statements

The information presented in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward–looking statements" or "forward-looking information" (collectively "forward-looking statements") as those terms are used in securities laws applicable in Canada.

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

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

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

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

Date of Report

The information in this report is presented as of March 25, 2021.

ABOUT CIELO

Cielo Waste Solutions Corp. ("Cielo" or the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2011 as a wholly owned subsidiary of Arris Holdings Inc. ("AHI"). Pursuant to an arrangement agreement with AHI dated March 1, 2011 and the supplement to the arrangement agreement dated June 9, 2011, (collectively the "Arrangement Agreement"), the Company spun out from AHI and became a reporting issuer after the Arrangement Agreement became effective on June 9, 2011 ("Effective Date'). Commencing August 3, 2011, the Company's common shares started trading on Canadian Stock Exchange ("CSE") under the symbol CMC. Commencing December 9, 2019, the Company's common shares started trading on the OTCQB Venture Market ("OTCQB") under the symbol CEIWF. The symbol was updated to CWSFF on December 17, 2019.

The principal and registered office of the Company is located at 610 – 475 West Georgia Street, Vancouver, BC V6B 4M9.

Originally a mineral property acquisition and development company, a change in the board of directors in June 2013 resulted in a new direction for the Company. The Company's strategic focus is on the refining of municipal and construction waste into a renewable diesel fuel. The Company changed its name to Cielo Waste Solutions Corp. on August 12, 2013 to more clearly identify its focus on renewable diesel and waste solutions.

CORPORATE OVERVIEW AND OVERALL PERFORMANCE

Since the Company's fundamental change of business to renewable diesel refining, the Board of Directors and management of the Company have been working toward commercializing its proprietary technology to allow it to enter the fast and growing waste industry by refining landfill and municipal and commercial waste into a high quality renewable diesel. Cielo has identified opportunities throughout the world and is poised to capitalize on these and local opportunities. Cielo has begun taking purchase orders for its renewable diesel but is still focusing on the construction and commissioning of its first commercial refinery, the Company has continued to communicate with those who had previously submitted purchase orders or expressed interest to facilitate revenues upon the completion of the commissioning phase.

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

Cielo holds a exclusive global licence from 1888711 Alberta Inc. ("1888711"), a company related by officers and/or directors, pursuant to a license agreement dated June 14, 2016 (the "Licence Agreement"), to complete the development of the renewable diesel technology on which its refineries are/will be based. The technology uses landfill waste, tires, plastics, wood shavings and paper products to produce renewable kerosene (jet and marine fuels), highway diesel and naphtha. Cielo retains the exclusive right to construct and commercialize the refineries and has agreed to pay royalties and commissions to 1888711 from the commercialization of the technology. Cielo also has a right of first refusal to repurchase the rights in the technology it had granted to 1888711 (such as royalties and commissions), as well as all intellectually property and any and all patents relating to the technology. Although Cielo has resumed making direct payments for costs associated with the construction, completion and commission of the first commercial refinery (which were being paid by 1888711 during approximatley the first year of the term of the Licence Agreement), the Licence Agreement remains in place as all other rights held by each party remain in place. On or about November 1, 2017, Cielo and 1888711 agreed to a restated and amended version of the License Agreement, providing for clear terms on which Cielo is able to purchase the rights granted to 1888711 at any time following the 14th day of operations of any commercial refineries based on production.

Cielo had planned two phases (Phases I and II) for reaching optimal production output in creating a blueprint for its refineries. Cielo's initial plan for Phase I was to build a refinery targeting a nominal production rate of 356 litres per hour and, for Phase II, Cielo had considered building a second refinery, targeting a production rate of 1824 litres per hour. During the year ended April 30, 2018, Cielo focused on the construction if its first commercial refinery and, following the end of the year ended April 30, 2018, Cielo completed construction for Phase I and began the Phase I commissioning stage. As Cielo progresses through this Phase I commissioning stage, modifications to both design and construction intended to improve the processes continue to be made. Continued improvements have increased targeted outputs from 356 litres per hour to between 500 and 1,000 litres per hour. With respect to Phase II, management then determined that it would be more efficient to upgrade the current refinery to a greater capacity, targeting outputs of between 1,800 and 2,000 litres per hour, such that all Cielo refineries would produce at least at this rate at a minimum. More recently, management has increased its targeted outputs for future refineries other than the Aldersyde refinery to 4,000 litres per hour. The Company has decided that there is enough feedstock available at each new location announced to fabricate and commission two 2,000 lph refineries. However, upon review with engineering and contractors, it has been determined that it would likely be simple and more economical (capex) for Cielo to scale up to a single 4,000 lph from 2,000 lph in each new location.

In order to run the refineries on a continuous flow basis, and not in a two-step process, Cielo determined it would have to generate and maintain more heat throughout the reactor and distillation towers and ancillary equipment, which Cielo originally planned would be achieved by purchasing and installing a second boiler and re-engineering the existing boiler, which was indicated in the Management's Discussion and Analysis for the six-month period ended October 31, 2018. However, Cielo's internal engineering and design team analyzed and determined that it would be substantially more effective and efficient to move from a hot oil boiler to electric heat. Cielo's engineering team believes that electric heat has many advantages, some of which include much higher temperatures, less capex to purchase, ease of operations and precise temperature controls. The higher temperatures allow Cielo to substantially increase the biomass feedstock percentage, which will also increase production, hydrogen & renewable content, increase centane and greatly reduce the sulfur content. Cielo has implemented this new electric system however the extra cost and time to do so has delayed the intended timeline for commercialization.

Cielo is also currently focused on the desulfurization process. Cielo has been working with the University of Calgary and believes it has finalized this process. Cielo has ordered the required catalyst from China and has begun fabricating a laboratory that is 1,000 times larger than the University's' laboratory. This will allow Cielo to optimize the design of the process. In the meantime, Cielo plans to store a portion and sell a portion of the renewable, naphtha, kerosene and high-grade diesel it has produced, which contain sulfur, to interested third parties.

During the years ended April 30, 2020 and 2021, the Company's focus was to make continuous strides in furthering the commercialization of its technology. During the commissioning of the plant, Cielo identified some areas in the process that management on the advice of its engineers would improve operations. The main areas were the heating of the process with electrical heat, intended to provide much better control of operating temperatures, while reducing emissions, recovering more of the waste stream and reusing in the process and sterilizing the waste oil Cielo uses to move the waste through the process. Most of these improvements were completed by late December 2019 and on January 4, 2020, Cielo began recommissioning the plant. During the recommissioning, Cielo started production at approximately 50lph and slowly ramped it up to 100lph on a continuous flow.

On March 17, 2020, due to the COVID pandemic, management decided to stop production and temporary layoff the operators. Cielo took advantage of the shutdown to make further improvements to the process. These improvements are designed to increase production from 100lph to 1000lph. Once the 1,000lph is achieved, Cielo hopes to raise funds to allow the beginning of Phase II, which is the addition of extra equipment to increase the productivity to 2,000 lph

In the nine months ended January 31, 2021, as the plant was shut down as a result of the impact of COVID 19, the Company used this time to make major improvements to certain areas of the plant, including adding a mixer inside of the reactor to better transfer the heat and biomass more evenly, the infeed hoppers to handle the smaller feedstock size and new waste recovery process to recover as much of the used motor oil and unspent catalyst as possible. On August 11, 2020, Cielo's operators began re-commissioning the facility after installing newly designed equipment and implementing modifications to the flow process recommended by third party engineers to resolve problematic bottlenecks that were restricting production. The operation of the feedstock hoppers, the reacting tower and the waste line have been upgraded. With the implementation of these three major upgrades now complete, the facility is once again producing distillate from wood waste using a proprietary catalyst.

On January 27, 2021 the Company announced the installation of new proprietary cooling equipment to efficiently cool the process waste by reducing the temperature from 365 degrees Celsius to less than 20 degrees Celsius in less than 11 minutes, intended to eliminate the need for operators to shut down production of distillate for 6 hours each day (still in progress). In addition, the Company is in the process of the installation of a submersible heater that is to be used to preheat the used motor oil to maintain the optimal temperature.

See the section entitled "Financial Transactions" for highlights for the nine-month period ended January 31, 2021, as well as the following:

1) On June 5, 2020, the Company announce the grant of a total of 5,450,000 incentive stock options to directors, officers, employees, and consultants under the Company's stock option plan. The options are exercisable at $0.10 per share, vest immediately and will expire on June 5, 2023. Following this grant of options, the Company has 9,170,000 stock options outstanding.

2) On or about July 3, 2020, the Company obtained at least 66 2/3% approval of the holders of the Royalties to delay the commencement of payment associated with the Royalties for a period of two (2) years until July 3, 2022.

3) On July 30, 2020 the Company announced that the United States Patent and Trademark Office has issued a U. S. Patent to 1888711 Alberta Inc. from whom Cielo holds a worldwide exclusive license to its waste to renewable diesel facility technology.

4) On September 21, 2020 the Company announced that the Canadian Patent and Trademark Office has issued a Canadian Patent to 1888711 Alberta Inc. from whom Cielo holds a worldwide exclusive license to its waste to renewable diesel facility technology.

5) On or about October 14, 2020 the Company signed a Research Agreement with the University's Department of Chemical and Petroleum Engineering to complete the commercial design of the desulfurization technology required to remove the sulfur from the renewable highway grade diesel to meet the national specifications. The goal for the agreement was to have a completed commercial solution in or around late November 2020, however the equipment is now in design engineering and the catalyst has been ordered. Cielo is hoping to have the process installed and operational in April 2021.

6) On or about November 20, 2020 the Company announced a non-brokered private placement offering (the "Offering") of a targeted 12,500,000 to 25,000,000 million units ("Units") at $0.08 per Unit for targeted minimum gross proceeds of $1,000,000 and up to $2,000,000. Each Unit is comprised of one common share ("Common Share") and one full warrant ("Warrant"), each Warrant having an exercise price of $0.12 and an expiration date of 36 months from the date of issuance. Notwithstanding the foregoing, in the event that Cielo's Common Shares trade at $0.20 or above for 5 consecutive trading days, Cielo will have the right to issue a notice to the holders that the term of the Warrants has been reduced to 30 days from the date of such notice.

   Cielo announced that it has closed the first tranche of the Offering (the "First Tranche"). A total 6,315,000 Units were issued pursuant to the First Tranche for gross proceeds of $505,200. $75,200 of such gross proceeds were settlement of indebtedness owing to an arm's length third party. The Units are subject to a four month hold period from the date of issuance. Cielo also paid $34,400 in finder fees and issued 430,000 non-transferable finder warrants, exercisable at $0.12 for 36 months from the date of issuance.

   The Company has also agreed to settle indebtedness with arm's length third parties in an aggregate amount equal to $197,850.00 (the "Debt Settlement"). CIELO intends to issue Common Shares to such third parties at $0.10 per share for an aggregate of 1,978,500 Common Shares. All Common Shares to be issued pursuant to the Debt Settlement will be subject to a statutory four month hold period.

   On or about December 8, 2020, the Company announced the closing of the Offering. A total of CDN $2,055,280 was raised pursuant to the Offering. A total 25,691,000 Units were issued pursuant to the Offering for gross proceeds of $2,055,280. The Units are subject to a four month hold period from the date of issuance. The Offering was non-brokered, however the Company paid $154,886.40 in finder fees and issued 1,936,080 non-transferable finder warrants, exercisable at $0.12 for 36 months from the date of issuance.

For further details of the terms and conditions of any above-referenced agreements or announcements, please review the Company's filings on SEDAR.

RESULTS OF OPERATIONS

Nine Months Ended January 31, 2021 ("January 31, 2020 Interim Financial Statements")

The loss for the nine months ended January 31, 2021 ($5,808,330), compared to the same period in 2020 ($4,895,361), was mainly a result of the increased finance charges including a loss on settlement of prepaid interest on convertible debt , as well a charge for share based compensation related to the issuance of share options to certain employees, directors and consultants. In particular, the increase in loss was the combined result of the following operating expenditures: $1,074,043 interest and accretion expense (2020-$916,586), $708,907 of amortization on deferred finance charges(2020-$168,516), $695,122 for consulting fees (2020-$681,974), $146,242 of share based compensation (2020-$Nil), $977,852 in development expense (2020-$1,022,430), $1,001,697 in Loss on settlement of debt (2020-$451,597), $320,0086 for office administration expenses (2020 - $256,346),$149,342 of professional fees(2020-$215,135) and $47,909 for trust and filing fees (2020 - $64,739).

Revenue for the nine months ended January 31, 2021 was $4,200, compared to $3,000 on January 31, 2021, as the Company has not yet begun earning revenues on a regular basis from ongoing production. Other income was $9,014(2020-$nil) earned for a project margin charged to a joint venture partner.

On January 31, 2021, the Company's main assets and liabilities were:

Cash - $265,998 (2020 - $160,524);
Prepaid expenses - $1,024,595 (2020 - $1,227,739);
Due From Affiliated companies $151,415 (2020-$75,058)
Inventory-$292,280 (2020-$208,260)
Property plant and equipment -$18,883,516 (2020-$14,819,594)
Right-of-use assets-$129,439(2020-$164,740)
Accounts payable and accrued liabilities - $4,172,667 (2020 - $4,387,255);
Due to Shareholder - $Nil (2020 $1,089)
Short-term loans payable -$28,431 (2020 - $25,426)
Lease Liability-$165,807(2020-195,088)
Long-term loans payable, including convertible debts -$8,564,989 (2020-$6,696,550)
Royalty Payable-$889,219 (2020-$835,528)

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly information. It has been derived from the audited financial statements and the unaudited interim financial statements of Cielo. This summary should be read in conjunction with audited financial statements and unaudited interim financial statements of Cielo as contained in the public record for the relevant periods.

Quarterly Financial Information	31-Jan 2021	31-Oct 2020	31-Jul 2020	30-Apr 2020	31-Jan 2020 [1]	31-Oct 2019 [1]	31-Jul 2019 [1]	30-Apr 2019 [1]
Operating data:	$	$	$	$	$	$	$	$
Total revenue	-	-	4,200	-	-	-	3,000	3,000
Operating Expenses	1,881,604	1,459,418	1,474,625	1,285,654	1,722,858	1,640,557	1,080,349	336,063
Net Earnings (loss)	(2,405,459)	(1,739,438)	(1,663,433)	(1,259,424)	(2,105,559)	(1,640,557)	(1,149,245)	(332,591)
Balance sheet data:								
Total assets	21,068,525	20,681,138	18,840,640	17,682,732	16,670,756	16,650,152	15,985,207	11,950,172
Total current liabilities	5,944,544	5,580,499	5,764,026	5,078,614	6,088,060	5,651,749	4,146,503	5,848,668

1-Results adjusted due to adoption of IFRS 16 Leases as of May 1, 2019.

Explanation of Quarterly Variances.

The loss for the three-month period ended January 31, 2021, which was $2,405,459, consisted of $4,467 of advertising and promotion (2020-$56,159,064), $312,704 of amortization on deferred finance charges (2020-$76,328), $37,486 of amortization of property plant and equipment expenses (2020-$42,757), $207,227 for consulting fees (2020-$318,843), $506,260 in development expense (2020-$489,978), $365,650 interest and accretion expense(2020-$328,894), $44,378 of management fees(2020-$38,856), $137,058 for office administration expenses (2020 - $119,614), $68,253 of professional fees(2020-$119,614), $165,888 in salaries and benefits(2020-$138,162), $15,768 of other expense(2020-$18,678) including amortization of right-of-use assets, bank charges, agent fees, and travel, and $282,477 in Loss on settlement of debt with shares.

Revenue for the three months ended January 31, 2021 was $Nil, compared to $Nil for the 3 months ended January 31, 2020.

The increase in the loss for the three-month period ended January 31, 2021, which was $2,405,459 (2020 – $2,105,559), can be attributed to primarily two factors: 1) the Company incurred $530,442 (2020-$382,702) in losses on settlement of debt with shares as a result of charges incurred to expense prepaid interest on conversion of convertible debt to shares; and 2) $312,704 in charges for amortization on deferred finance charges(2020-$76,328) due to the increased activity in convertible debt financing, which charges include commissions, fair value of warrants and finders' warrants, legal fees, and charges expensed to early conversion of convertible debts to shares; employees, directors and consultants.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2021, the Company had $265,998 cash, and working capital deficit of $(3,888,975). The Company is not subject to external working capital requirements.

During the nine months ended January 31, 2021, the Company used $2,850,301 in operating activities mainly due to increased losses due to development expense incurred while preparing production. The Company received $6,194,998 inflow from its financing activities mainly through the proceeds of the Convertible Debenture Unit Offerings (see "Financial Transactions" for more detail), issuing shares for debt, and private placements of common shares.

The Company's ability to continue operations and fund its expenditures is dependent on management's ability to secure additional financing. Management has actively been pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company's focus has been on private placement offerings resulting in the issuance of listed or convertible securities, however intends to explore non-convertible, less dilutive debt financing.). The Company intends to explore non-convertible, less dilutive debt financing as needed, however the outcome of these efforts cannot yet be predicted. (See the section entitled "Subsequent Events" for details regarding the exercise of 54,011,100 warrants for aggregate gross proceeds of 5,242,387 [as well as $383,000 for the exercise of 3,830,000 stock options] following the nine-month period ended January 31, 2021.)

The Company has also been able to access financing through its intended joint ventures, as further described below, however until the Company enters into definitive agreements, it cannot be predicted whether or when the joint ventures will be concluded.

OFF BALANCE SHEET ARRANGEMENTS

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

CONTINGENCIES / LEGAL PROCEEDINGS

The Company does not have any legal proceedings.

FINANCIAL TRANSACTIONS

During the nine months ended January 31, 2021, the Company issued a total of 3941.1 convertible debentures units (the "2020 Convertible Debenture Units") for a total of $3,941,142. The 2020 Convertible Debentures Units each consist of one (1) $1,000 unsecured convertible debenture and 7500 share purchase warrants. The Debentures bear interest at a simple rate of 15% per annum, the initial two (3) years of interest prepaid (the "Prepaid Interest") on the date of issuance of the Debentures (the "Issue Date") by the issuance of common shares (the "Prepaid Interest Shares") at a price of $0.07 per Prepaid Interest Share. The principal of the Debentures (the "Principal") together with all accrued interest exceeding the Prepaid Interest (the "Interest Balance") will be repaid 48 months from the 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.

In addition, the Company offered a non-brokered private placement offering of a targeted minimum of 12,500,000 and up to 25,000,000 million units at $0.08 per Unit for targeted minimum gross proceeds of $1,000,000 and up to $2,000,000. Each Unit is comprised of one common share ("Common Share") and one full warrant ("Warrant"), each Warrant having an exercise price of $0.12 and an expiration date of 36 months from the date of issuance. Notwithstanding the foregoing, in the event that Cielo's Common Shares trade at $0.20 or above for 5 consecutive trading days, Cielo will have the right to issue a notice to the holders that the term of the Warrants has been reduced to 30 days from the date of such notice. In the nine months ending January 31, 2021 the company issued 25,691,000 shares for $2,059,380 cash and issued 2,940,000 shares for debt of $85,200.

In addition or related to the foregoing, following specific financial transactions occurred in the nine-month period ending January 31, 2020. Pursuant to the Convertible Debenture and Private Placement Offerings:

A. On May 1, 2020, the Company issued 3,750,000 common shares as the result of the conversion of convertible debentures of $300,000.

B. On May 12, 2020, the Company announced a total of $228,000 in gross proceeds had been raised from the third tranche offering of the C Convertible Debt Units. Commissions of $12,000 was paid and 240,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 1,465,714 shares and 1,710,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 1,465,715 common shares were issued at a fair value of $51,300 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

C. On May 21, 2020, the Company issued 8,750,000 common shares as the result of the conversion of convertible debentures of $700,000.

D. On May 29, 2020, the Company issued 250,000 common shares as the result of the conversion of convertible debentures of $15,000.

E. On June 1, 2020, the Company announced a total of $218,800 in gross proceeds had been raised from the fourth tranche offering of the C Convertible Debt Units. Commissions of $12,000 was paid and

F. 240,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 1,406,571 shares and 1,641,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 1,406,571 common shares were issued at a fair value of $56,263 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

G. On June 11, 2020, the Company issued 833,333 common shares as the result of the conversion of convertible debentures of $50,000.

H. On June 12, 2020, the Company announced a total of $476,342 in gross proceeds had been raised from the fifth tranche offering of the C Convertible Debt Units. Commissions of $22,000 was paid and 440,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 3,062,199 shares and 3,572,565 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 3,062,200 common shares were issued at a fair value of $122,488 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

I. On June 30, the Company announced a total of $250,000 in gross proceeds had been raised from the sixth tranche offering of the C Convertible Debt Units. Commissions of $20,000 were paid and 400,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 1,607,143 shares and 1,607,143 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 1,607,143 common shares were issued at a fair value of $64,286 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

J. On July 7, 2020, the Company issued 1,250,000 common shares as the result of the conversion of convertible debentures of $100,000.

K. On July 9, 2020, the Company issued 1,875,000 common shares as the result of the conversion of convertible debentures of $150,000.

L. On July 24, 2020, the Company announced a total of $475,000 in gross proceeds had been raised from the seventh tranche offering of the C Convertible Debt Units. Commissions of $32,000 were paid and 640,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 3,562,500 shares and 3,053,570 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 3,053,570 common shares were issued at a fair value of $122,143 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

M. On July 27, 2020, the Company issued 625,000 common shares as the result of the conversion of convertible debentures of $50,000.

N. On August 7, 2020, the Company issued 3,000,000 common shares as the result of the conversion of convertible debentures of $150,000.

O. On August 25, 2020, the Company announced a total of $50,000 in gross proceeds had been raised from the eighth tranche offering of the C Convertible Debt Units. Commissions of $4,000 were paid and 80,000 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 321,429 shares and 375,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 321,429 common shares were issued at a fair value of $11,250 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

P. On September 15, 2020, the Company announced a total of $624,000 in gross proceeds had been raised from the ninth and tenth tranches offering of the C Convertible Debt Units. Commissions of $31,840 were paid and 345,600 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 4,011,430 shares and 4,680,000 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 4,011,430 common shares were issued at a fair value of $204,557 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

Q. On September 23, 2020, the Company issued 1,380,000 common shares as the result of the conversion of convertible debentures of $74,000.

R. On September 23, 2020, the Company issued 7,126,647 common shares at a fair value of $498,865 using the closing trade price on the same date, to settle debt of $498,865 which resulted in a loss of $71,446. Related parties were issued 2,575,230 of the shares.

S. On September 24, 2020, the Company issued 3,000,000 common shares as the result of the conversion of convertible debentures of $150,000.

T. On September 28, 2020, the Company announced a total of $1,619,000 in gross proceeds had been raised from the eleventh and twelfth tranches offering of the C Convertible Debt Units. Commissions of $123,920 were paid and 974,400 finders' warrants issued, exercisable at $0.07 for 4 years from issuance date. A total of 10,407,857 shares and 12,142,500 warrants exercisable at $0.07 for 4 years from issuance date were also issued to the debenture holders. The 10,407,857 common shares were issued at a fair value of $624,471 using the closing trade price on the same date, to settle the C Prepaid Interest associated with the C Convertible Debenture Units.

U. On September 30, 2020, the Company issued 2,152,500 common shares as the result of the conversion of convertible debentures of $110,250.

V. On October 2, 2020, the Company issued 3,500,000 common shares as the result of the conversion of convertible debentures of $175,000.

W. On October 5, 2020, the Company issued 1,328,667 common shares at a fair value of $79,720 using the closing trade price on the same date, to settle debt of $79,720 which resulted in no gain/loss.

X. On October 19, 2020, the Company issued 5,026,840 common shares as the result of the conversion of convertible debentures of $251,342.

Y. On October 20, 2020, the Company issued 625,000 common shares as the result of the conversion of convertible debentures of $50,000.

Z. On November 12, 2020, the Company issued 1,099,000 common shares as the result of the conversion of convertible debentures of $60,000.

AA. On November 16, 2020, the Company issued 6,500,000 common shares as the result of the conversion of convertible debentures of $325,000.

BB. On November 20, 2020, the Company issued 6,315,000 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of $0.08 per unit. 5,375,000 shares were issued for cash of $430,000 and 940,000 common shares were issued to settle debt of 75,200 resulting in a loss of $14,100. Warrants were assigned a value of $nil based on the residual value method. The Company paid an 8% cash and warrant commission ($34,400 cash and 430,000 finders' warrants (Note 13)).

CC. On November 20,2020, the Company issued 1,978,500 common shares at a fair value of $168,173 using the closing trade price on the same date, to settle debt of $197,850 which resulted in a gain of $29,678.

DD. On November 25, 2020, the Company issued 2,000,000 common shares as the result of the conversion of convertible debentures of $100,000.

EE. On November 26, 2020, the Company issued 500,000 common shares as the result of the conversion of convertible debentures of $30,000.

FF. On December 4, 2020, the Company issued 16,876,000 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of $0.08 per unit. 16,751,000 shares were issued for cash of $1,340,080 and 125,000 common shares were issued to settle debt of 10,000 resulting in no gain or loss. Warrants were assigned a value of $Nil based on the residual value method. The Company paid an 8% cash and warrant commission ($104,486 cash and 1,306,080 finders' warrants (Note 13)).

GG. On December 7, 2020, the Company issued 2,500,000 common shares through a non-brokered private placement offering of units, each unit consisting of one common share and one share purchase warrant, at a subscription price of $0.08 per unit. The shares were issued for cash of $250,000. Warrants were assigned a value of $12,500 based on the residual value method. The Company paid an 8% cash and warrant commission ($16,000 cash and 200,000 finders' warrants (Note 13)).

HH. On December 10, 2020, the Company issued 500,000 common shares as the result of the conversion of convertible debentures of $25,000.

II. On January 4, 2021, the Company issued 6,666,667 common shares as the result of the conversion of convertible debentures of $400,000.

JJ. On January 6, 2021, the Company issued 1,601,000 common shares as the result of the conversion of convertible debentures of $98,800.

KK. On January 12, 2021, the Company issued 2,260,000 common shares as the result of the conversion of convertible debentures of $113,000.

LL. On January 12, 2021, the company issued 3,250,000 common shares as the vesting of 3,250,000 vested restricted share units ("RSUs") for $666,250 which was the fair value of the shares on January 12, 2018 the date the RSU's were issued.

MM. On January 20, 2020, the Company issued 666,666 common shares as the result of the conversion of convertible debentures of $40,000.

NN. On January 21, 2020, the Company issued 500,000 common shares as the result of the conversion of convertible debentures of $40,000.

OO. On January 25, 2020, the Company issued 19,520,000 common shares as the result of the conversion of convertible debentures of $976,000.

PP. On January 29, 2020, the Company issued 2,000,000 common shares as the result of the conversion of convertible debentures of $100,000.

The net proceeds of all of the financial transactions above were used as intended and disclosed, without variance.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties.

Management compensation for the executive management/officers and directors during the nine-month period ended January 31, 2021 and 2020 are disclosed as below:

9 months ended January 31, 2021

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		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	**CEO & Director**	$ -	$ 186,923	$ 53,667	$ 144,212	$ 384,802
Shawn Frenette	**CFO**	$ 144,287	$ -	$ 2,683	$ -	$ 146,970
Chris Dovbniak	**Director**	$ -	$ -	$ 13,417	$ -	$ 13,417
Doug Mackenzie	**Director**	$ -	$ -	$ 13,417	$ -	$ 13,417
Mel Angeltvedt	**Director**	$ -	$ -	$ 13,417	$ -	$ 13,417
Robin Ray	**Director**	$ 1,500	$ -	$ 13,417	$ -	$ 14,917
Lionel Robins	**Director**	$ -	$ -	$ 6,708	$ -	$ 6,708
		$ 145,787	$ 186,923	$ 116,726	$ 144,212	$ 593,648

9 months ended January 31, 2020

		Consulting fees Paid	Gross Salaries Paid	Stock Options Shares Based Compensation	RSU Shares Based Compensation	Total
Don Allan	**CEO & Director**	$ -	$ 249,231	$ -	$ 156,767	$ 405,998
Shannon Wyzykoski	**CFO**	$ 104,575	$ -	$ -	$ -	$ 104,575
		$ 104,575	$ 249,231	$ -	$ 156,767	$ 510,573

Office expense of $2,819 (2020 - $1,704), salaries and benefits of $37,621 (2020 - $42,254), rent expense of $8,463 (2020 - $8,190) and telephone expense of $500 (2020 - $613) were charged back to 1888711 Alberta Inc., a company related by officers and directors. A balance of $151,415 (2020 $78,058) is owed by 1888711 Alberta Ltd. and is included in GST and Other receivable.

Marketing expense of $139,590 (2020-nil) were charged by Brand U Agency Inc., a corporation of which Lionel Robins, a director of the Company, is also a director as well as a shareholder. On September 23, 2020, the Company issued 1,575,000 common shares at a fair value of $110,250 using the closing trade price on the same date, to settle debt with Brand U Agency Inc, of $94,500 which resulted in a loss of $15,750 (Note 12).

Construction costs of $100,856 (2020-nil) were charged with $Nil outstanding, by Loric Industrial Insulation Inc, a corporation of which Mel Angeltvedt, a director of the Company, has recently become a director as well as a shareholder. On September 23, 2020, the Company issued 1,000,230 common shares at a fair value of $70,016 using the closing trade price on the same date, to settle debt with Loric Industrial Insulation Inc, of $60,014, which resulted in a loss of $10,002 (Note 12). On November 20, 2020, the Company issued 458,850 common shares at a fair value of $39,002 using the closing trade price on the same date, to settle debt with Loric Industrial Insulation Inc, of $45,885, which resulted in a gain of $6,883 (Note 12).

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties.

Accounts payable and accrued liabilities balances at January 31, 2021 outstanding to the CEO of the Company in the amount of $17,490 (2020 – $53,917). On January 4, 2021 6,666,667 common shares were issued to the CEO for the conversion of 400 A Convertible Debenture Units at value of 400,000. On January 12, 2020 the Company issued 3,000,000 common share to convert RSU's issued on January 12, 2018 and fully vested on January 12, 2021.(See Note 12 & Note 14). In the year ending April 30, 2020 the Company issued 400 A Convertible Debenture Units (Note 10) and 40 C Convertible Debenture Units (Note 10) in exchange for a total of $440,000 of accounts payable and short term loans owed to this person.

Accounts payable and accrued liabilities balances at January 31, 2021 outstanding to a company owned by the CFO in the amount of $35,432 (2020 - $66,202). In the year ending April 30, 2020, the Company issued 30 A Convertible Debenture Units (Note 10), 15 B Convertible Debenture Units (Note 10) and 70 Convertible Debenture Units (Note 10) in exchange for a total of $115,000 of accounts payable owed to this company.

Also, refer to Notes 9, 12, 13 and 14 for other related party transactions.

OUSTANDING SHARE DATA

As at January 31,2021, the Company had 388,586,780 common shares, 117,978,510 warrants, 10,676,480 finder/broker warrants, 5,325,000 stock options and nil Restricted Share Units issued and outstanding.

As at January 31, 2021: there were 40,537,815 share purchase warrants, held by BJK Holdings Ltd. ("BJK"), were exercisable at $0.1233 per share subject to further decrease in the case of further dilutive events (see below) and expire on March 16, 2022 (as a result of the repayment of the secured loan held by BJK following the nine-month period ended January 31, 2021); 12,763,005 share purchase warrants were exercisable at $0.20 and expire between December 17, 2020 and April 18, 2022, subject to acceleration provisions; 3,558,375 share purchase warrants were exercisable at $0.25 and expire between May 6, 2023 and February 28, 2024, subject to acceleration provisions; 35,209,815 share purchase warrants were exercisable at $0.07 and expire between March 27, 2024, and September 28,2024, subject to acceleration provisions; 231,000 of the finder warrants were exercisable at $0.20 per share and expire on December 17, 2021. 2,939,000 finder warrants are exercisable at $0.10 and expire between May 6, 2023 and July 16, 2023; 3,316,080 finder warrants were exercisable at $0.12 and expire between October 31, 2023 and

February 28, 2024; and the remaining 4,190,400 finder warrants were exercisable at $0.07 and expire between March 27, 2024 and September 28, 2024, subject to acceleration provisions.

3,740,000 options exercisable for three (3) years at $0.25 per share, which were granted on January 12, 2018, expired on January 12, 2021. The remaining 5,450,000 options, granted on June 5, 2020, are fully vested and exercisable at $.10 per share for a period of three years from the date of grant, expiring on June 5, 2023.

The RSUs were originally scheduled to vest at various times over a period of three years or less from the date of grant up to January 12, 2021, however the terms of the vesting periods were amended such that the RSUs will vest 32% on January 16, 2020, 34% on April 16, 2020 and 34% on January 12, 2021, subject to earlier vesting and/or expiry in connection with the termination of an employment agreement. The vesting of the RSUs on January 16, 2020 were satisfied by the issuance of 1,500,000 common shares. On January 12, 2021 3,250,000 common shares were issued upon the vesting of the RSUs. Nil RSU are outstanding at January 31, 2021.

As of the date of this MD&A, the Company has 551,163,780 common shares, 52,157,110 share purchase warrants (including 2,381,000 finder/broker warrants), 1,620,000 stock options and Nil RSUs issued and outstanding.

CRITICAL ACCOUNTING ESTIMATES

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

CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Details are available in the January 31, 2019 notice to reader financial statements, which are available at www.sedar.com.

FINANCIAL INSTRUMENTS

Refer to Note 15 to the Company's financial statements for the nine months ended January 31, 2021.

DIRECTORS AND OFFICERS

Don Allan	Director, CEO, President
Robin Ray	Director
Doug MacKenzie	Director
Chris Dovbniak	Director
Mel Angeltvedt	Director
Lionel Robins	Director and COO
Shawn Frenette	CFO
Stuart McCormick	Vice President, Compliance and Regulatory Affairs
Raphael Bohlmann	Vice President, Marketing

SUBSEQUENT EVENTS

On February 18, 2021 the Company the acceleration of the term of 39,400,215 warrants (the "Accelerated Warrants") of which 17,767,500 had been exercised as at such date. The Accelerated Warrants were issued between March 27, 2020 and September 28, 2020 and had a term of 48 months from the date of issuance (the "Warrant Term"), subject to Cielo's right to accelerate the Warrant Term by providing 30 days notice to holders of the Accelerated Warrants in the event that the common shares of Cielo trade at C$0.15 or higher for at least five (5) consecutive trading days. The market price of Cielo's common shares closed at or above $0.15 for the five (5) days leading up to and including February 12, 2021.

On February 23,2021 the Company announced its first significant sale of renewable fuels with a purchase commitment for 900,000 litres (238,000 gallons) of renewable diesel (the "Purchased Fuel") at CAD$1.67/litre for an aggregate purchase price of CAD $1,500,000 (the "Aggregate Purchase Price"). The purchaser (the "Purchaser") will also have an option to purchase another 600,000 litres (159,000 gallons) of renewable diesel at the same price of CAD $1.67/litre for a period of 6 months. The Company issued 3,750,000 share purchase warrants (the "Warrants") to the third party who brokered the purchase and sale (the "Broker"). The Warrants are exercisable at $0.135 for a period of 24 months, subject to acceleration at the option of the Company, whereby the term of the Warrants may be reduced to 30 days following notice to the Purchaser. The Company will be entitled to accelerate the term of the Warrants in the event that the closing price of the Company's common shares is $0.25 per share or higher for a period of at least 10 consecutive trading days. The Broker will also receive a 5% cash commission.

On March 3, 2021 the Company announced that it had entered into a binding letter of intent to obtain from one or more lenders, a non-interest unsecured convertible loan of CDN$10 Million (the "Loan"). The net proceeds of the Loan will be used to purchase a site near Edmonton, Alberta, which will be used for Cielo's planned 100% owned facility. The Loan is non-interest bearing and unsecured with a term of 12 months (the "Term"). Cielo will be entitled to repay the Loan at any time during the Term without penalty. During the Term, until maturity or such early repayment, the Lender(s) will be entitled to convert the Loan at CDN$1.02 per share. The Loan is also subject to transaction fees equal to CDN$700,000 and Cielo will also pay a cash commission to a third party equal to CDN$800,000. The amount of the Loan was increased to CDN$14 Million, as announced on March 15, 2021. The additional CDN $4 Million (the "Additional Loan Amount") is convertible at $1.25 per share for the Term and is otherwise subject to the same terms and conditions as the initial principal amount of the Loan. Corresponding transaction fees and cash commission increased by CDN $280,000 and CDN $320,000 respectively.

On March 17, 2021, the Company announced the repayment of BJK Holdings Ltd. ("BJK"), Cielo's largest secured lender. Cielo repaid the loan in full by making one or more payments in aggregate of CDN $3,780,250. During the month of March 2021, BJK exercises 30,000,000 of its warrants for gross proceeds of CDN $3,151,000, at adjusted exercises prices of $0.1093 for 10,000,000 shares and $0.1029 for 20,000,000 shares. As at the date hereof, BJK has 17,977,035 warrants remaining, each exercisable at $0.1029 until expiration on March 16, 2022.

On March 9, 2021, the Company announced that it had entered into a Memorandum of Understanding (the "MOU") with Renewable U Energy Inc. to build three facilities in the new territories that encompass Winnipeg, Manitoba, Kamloops, British Columbia and a high-volume location (TBD) in the United States. The

Company has received CDN $750,000 plus GST in aggregate as fees in connection with the MOU. The Company also announced that the Renewable U Group had acquired Seymour Capital Inc. to form one entity or group of entities with which Cielo intends to enter into previously announced joint venture agreements.

Between February 1, 2021 and March 25, 2021, Cielo issued 74,735,899 common shares pursuant to the conversion of issued and outstanding convertible debentures, issuing: 30,880,000 common shares at $0.05 per share for an aggregate of CDN $1,544,000; 28,899,999 common shares at $0.06 per share for an aggregate of CDN $1,734,000; 7,587,500 common shares at $0.08 per share for an aggregate of CDN $607,000; and 7,368,400 common shares at $0.10 per share for an aggregate of CDN $736,840.

Between February 1, 2021 and March 25, 2021, in addition to the shares issued to BJK pursuant to the exercise of its warrants, Cielo issued 54,011,100 common shares pursuant to the exercise of issued and outstanding warrants, issuing: 39,400,215 common shares at $0.07 per share for an aggregate of CDN $2,758,016; 2,570,000 common shares at $0.10 per share for an aggregate of $257,000; 3,895,080 common shares at $0.12 per share for an aggregate of CDN $467,410; 5,529,805 common shares at $0.20 per share for an aggregate of CDN $1,105,961; and 2,616,000 common shares at $0.25 per share for an aggregate of CDN $654,000, for aggregate gross proceeds from the exercise of warrants of $5,242,387.

Between February 1, 2021 and March 25, 2021, Cielo issued 3,830,000 common shares pursuant to the exercise of options at an exercise price of $0.10 for an aggregate of $383,000.

On March 24, 2021, the Company entered into an agreement with Investor Cubed Inc. for investor relations and shareholder communications services. The agreement provides for a 12 month term and a monthly fee of $7,000. In addition, the Company granted 500,000 options, exercisable for one year at an exercise price of $1.25, vesting 25% quarterly, beginning on the date of grant.

ADDITIONAL INFORMATION

Additional information regarding the Company may be found on SEDAR, www.sedar.com.