

Cielo Reports Fiscal Q3 2022 Financial Results and Material Operational Updates for Aldersyde and Fort Saskatchewan Facilities

CALGARY, Alberta, Canada (March 21, 2022) - Cielo Waste Solutions Corp. (TSXV:CMC; OTCQB:CWSFF) ("**Cielo**" or the "**Company**"), a waste-to-fuel environmental technology company, today reports financial results for the three and nine months ended January 31, 2022, and provides material operational updates for the facility located in Aldersyde (the "Aldersyde Facility") and the research and development facility located in Fort Saskatchewan (the "R&D Facility"). All amounts in this news release are in Canadian dollars unless otherwise indicated. Operational updates and milestones reference calendar quarters whereas the financial results refer to Cielo's fiscal quarters, noting that the fiscal year end is April 30, 2022.

Q3 2022 OPERATIONAL & FINANCIAL HIGHLIGHTS

- Achieved production target of 20,000 liters of distillate in Q4 2021, and anticipates meeting production target for Q1 2022;
- The Company completed phase I of the Aldersyde Facility as of the date of this news release, and phase II improvements are in progress;
- The R&D Facility is on track with fabrication currently underway;
- Total assets increased by \$6.7 million, total liabilities decreased by \$2.6 million as at January 31, 2022 compared to April 30, 2021; and
- Working capital deficiency of \$10.2 million as at January 31, 2022 was subsequently improved by \$16.7 million to a working capital surplus of \$6.5 million, as a result of (i) the closing of an \$11.0 million mortgage loan, and (ii) the extension of the term of the \$12.0 million loan from 12 months to 24 months, with remaining principal balance of \$6.5 million, now maturing on September 1, 2023.

COMMERCIALIZATION STRATEGY ON TARGET

Achieving steady-state commercial production at the Aldersyde Facility and the operation of the R&D Facility are key components in Cielo's strategy. Cielo's production target of 20,000 liters of distillate in Q4 2021 at the Aldersyde Facility was attained and the Company anticipates that it will meet its production target for Q1 2022.

Cielo continues to progress its strategy to build its first state-of-the-art facility for the conversion of waste to fuel at its Fort Saskatchewan location and advises that it is on track to meet the operational milestones set out in its news release dated November 12, 2021.

Gregg Gegunde, Chief Executive Officer and Chief Operating Officer commented: "Cielo has taken the time necessary to understand the Aldersyde Facility system limitations which led to plugging and inhibiting Cielo's ability to maintain steady-state production. The Company has built a strong, skilled, and experienced internal technical team and has partnered with strong world-class engineering consultants and technical experts. Our initial test runs have visibly less particulate than historically observed in our distillate and this is encouraging."

If the Company is unable to raise sufficient funds or raise sufficient funds on acceptable terms, then capital expenditures will be reduced, and the Company will prioritize the Aldersyde Facility in advance of the further construction and development of the R&D Facility.

ALDERSYDE DEMONSTRATION FACILITY UPDATE

The facility improvements necessary to achieve steady-state commercial production are focused on the inlet feed mixing system, the reactor, and the reactor waste management system at the Aldersyde Facility. The improvements designed to address the process and mechanical issues which inhibited steady-state production are being completed in two phases.

Phase I Project – Extended Run Times Anticipated

Phase I of the Aldersyde Facility process modifications include various process control system modifications, the fabrication and installation of a new reactor waste management system, new pumps, new recycle loop heater, inlet feed system modifications and multiple piping modifications. The expected results from these changes are extended process runtimes due to reduced plugging and coking problems as observed historically and validation of the mechanics of steady-state distillate production.

We are pleased to announce that the work for phase I of the Aldersyde Facility has been completed ahead of schedule and Cielo initiated the commissioning and start-up of the Aldersyde Facility on March 14, 2022. Final function testing and system diagnostics are in progress and expected to be on-line by the week of March 21, 2022. We are very pleased with the initial test runs and the Company will provide an update on performance as the process stabilizes.

Phase II Project – Engineered Design Capacity of 1,000 liters per hour

As part of the continuous improvements to our business and performance, in January 2022, Cielo engaged Stantec Consulting Ltd. (“Stantec”) to assist with the engineering, procurement, and construction for the phase II of the Aldersyde Facility for project execution. Stantec is a leading global engineering consulting firm with a wealth of professional designers, engineers, scientists, and project managers. During phase II:

- The replacement of the reactor, the inlet mixing system and other critical process equipment are the primary focus. While initially Cielo believed that modifications to the existing reactor would suffice, upon further review it was determined that to achieve the desired performance, Cielo would have to replace the reactor. The new design is expected to ensure a more efficient catalytic reaction, improved vapor velocities and greater control over all aspects of the operation of the reactor and the overall process performance.
- The design for the process changes is targeting reliable constant operation with the capability of steady-state commercial fuel production with a capacity rate of 1,000 liters per hour. Engineering work is in progress and equipment fabrication is expected to commence in early June 2022. Construction and installation are projected for July through August with anticipated commissioning in September 2022.

FORT SASKATCHEWAN R&D FACILITY UPDATE

Work and progress for the R&D Facility remains on track for 60 litre per hour and commissioning and start-up is anticipated in August 2022. The skid mounted equipment is under construction for the R&D Facility.

The primary objective of the 60 litre per hour R&D Facility is the generation of scientific and engineering data to fully understand the material and energy balance of the system when processing different forms of waste infeed.

The Company’s immediate plan following the commissioning of the R&D Facility is to test waste wood biomass under various conditions and control parameters to contemplate the front-end engineering design for a larger full-scale processing facility. The Company also plans to commence in-depth scientific testing of plastics, rubber, railway ties, organics, and other waste-derived materials.

Gregg Gegunde further commented: “We are very excited to have begun the fabrication of the R&D Facility. This equipment is essentially a professional grade laboratory that will allow us to perform multiple tests and experiments with multiple feedstocks and with multiple configurations. The engineering data that we will produce from this will

be the foundation to enable Cielo to meaningfully design scaled-up facilities for the purpose of contemplating the construction of commercial scale processing facilities. The Cielo team is very excited about the outlook for 2022 and beyond. The Aldersyde Facility and the R&D Facility will permit us to further refine our strategy and explore opportunities to raise capital required for full-scale facilities and to identify the various locations, waste feedstocks, and volumes for each future facility to ensure the greatest return for our shareholders. Stay tuned, we believe that the fall will be a very exciting time for Cielo”.

OPERATIONAL FORWARD-LOOKING EVENTS

Cielo provides the following update and additional detail concerning its current trajectory and plans to the end of 2022. As it concerns the Aldersyde Facility:

2022	Aldersyde Facility Milestones
March – June	Aldersyde Facility phase I modifications expected to attain operational stability approaching a constant steady-state production regime.
July – August	Aldersyde Facility shutdown for phase II construction. Removal of existing reactor and other process equipment and the installation of a new reactor, front end mixing, piping, and control system. Facility designed for 1,000-lph distillate production rate.
September	Aldersyde Facility phase II commissioning and start-up, expecting 1,000-lph steady-state, efficient production.
November - December	Aldersyde Facility – Distillation refinement equipment installation (anticipated timing will be updated)

In relation to the Fort Saskatchewan site, including the R&D Facility and Cielo’s strategic objective to build its first full-scale facility at this location:

2022	Fort Saskatchewan R&D Facility and Full-Scale Facility Milestones
August	R&D Facility 60-lph facility commissioning and start-up.
September - October	R&D Facility to commence testing plastics, rubber, and other waste materials for infeed.
November- December	Commence engineering front-end feed design for large full-scale facility, to be located at Fort Saskatchewan site.

FISCAL Q3 2022 FINANCIAL OVERVIEW

- Total assets increased by \$6.7 million as at January 31, 2022 compared to April 30, 2021, mainly due to the increase in property, plant and equipment related to the asset purchase in Fort Saskatchewan, Alberta for \$13.0 million; the construction activities at the Aldersyde Facility and the R&D Facility; the addition of an intangible asset of \$2.0 million for the intellectual property purchase from 1888711 Alberta Inc., partially offset by the decrease in cash related to the continued research and development activities and general and administrative expenditures.
- Total liabilities decreased by \$2.6 million as at January 31, 2022 compared to April 30, 2021 due to the exercise of liability classified warrants, the conversion of convertible debentures and the decrease in accounts payable and accrued liabilities, partially offset by the mortgage loan with First Choice Financial and KV Capital (the “Existing Loan”).
- Total non-current liabilities increased by \$2.1 million as at January 31, 2022 compared to April 30, 2021 due to the reclass of deferred fees, the increase in lease liabilities related to the Calgary office lease, partially offset by the conversion of convertible debentures.
- Working capital deficiency as at January 31, 2022 was \$10.2 million, compared to \$0.7 million deficiency as at April 30, 2021. The increase in working capital deficiency of \$9.5 million was mainly due to: (i) the decrease in cash balance which was used to fund research, development, and corporate activities; (ii) the addition of the Existing Loan for the asset purchase in Fort Saskatchewan, Alberta; and (iii) partially offset by the decrease in short-term warrant liability upon the exercise of warrants.
- On February 18, 2022, the Company closed an \$11.0 million additional mortgage loan with First Choice Financial (the “New Loan”) and utilized \$5.5 million of the net proceeds to repay a portion of the Existing Loan. The remaining outstanding principal balance of the Existing Loan is \$6.5 million after the partial repayment. In addition, on March 18, 2022, the Company completed the extension of the term of the Existing Loan from 12 months to 24 months, now maturing on September 1, 2023. After the closing of the New Loan and the extension of the Existing Loan, the Company’s working capital deficiency of \$10.2 million was improved by approximately \$16.7 million to a working capital surplus of \$6.5 million.
- The net loss for the three months ended January 31, 2022, increased by \$2.7 million compared to the same period in the prior year, mainly due to: (i) the increase of \$1.3 million in general and administrative expenses related to salaries and benefits for additional employees hired to facilitate the growth of the Company, professional fees for securities and TSXV filings, financing activities, external audit and tax compliance services; and (ii) the increase of \$1.2 million in share-based compensation due to the vesting of restricted share units, deferred share units and stock options on December 31, 2021.
- The net loss for the nine months ended January 31, 2022, increased by \$6.4 million compared to the same period in the prior year mainly due to: (i) the increase of \$3.5 million in research and development expenses mainly related to the Aldersyde Facility; (ii) the increase of \$3.5 million in general and administrative expenses due to salaries and benefits for additional employees hired to facilitate the growth of the Company, and professional fees incurred related to the listing of the Company’s shares on the TSXV in June 2021, securities and TSXV filings, financing activities, external audit and tax compliance services; (iii) the increase of \$1.2 million in share-based compensation due to the vesting of restricted share units, deferred share units and stock options on December 31, 2021; and (iv) partially offset by \$1.4 million in fair value change of warrant liability.

SELECTED FINANCIAL INFORMATION

(Thousands of dollars)	January 31, 2022	April 30, 2021 (RESTATED)
Total assets	51,852	45,192
Total non-current liabilities	3,624	1,574
Working capital deficiency	(10,159)	(688)

(Thousands of dollars, except per share amounts)	Three months ended January 31,		Nine months ended January 31,	
	2022	2021 (RESTATED)	2022	2021 (RESTATED)
Total revenue	-	-	-	4
Financing costs	249	546	1,222	1,890
General and administrative	1,944	607	5,153	1,614
Research and development	777	599	4,568	1,102
Net loss	(4,368)	(1,620)	(12,248)	(5,825)
Net loss per share – basic & diluted	(0.01)	(0.01)	(0.02)	(0.02)

Stephanie Li, Chief Financial Officer of the Company commented: “I am pleased to report significant improvements in our cash balance, working capital and balance sheet. The Company is in the process of generating additional financing, which may include raising additional equity and debt, or entering strategic partnerships. With our current robust liquidity and well-established operational path, we believe that Cielo is well positioned to deliver on our strategic growth and commercialization plan in 2022”.

CIELO LAUNCHES NEW WEBSITE

The Company invites visitors to our new website, which includes new investor materials, now available at www.cielows.com. The new website has been designed to offer detailed information on Cielo, our operations, and latest development progress. We intend to use the website to offer those interested in Cielo a comprehensive overview of our facilities and their progress.

CONFERENCE CALL

Cielo will host a conference call, followed by a question-and-answer session on Tuesday, March 22, 2022, at 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time), during which Cielo’s CEO and COO, Gregg Gegunde; CFO, Stephanie Li; and Chief Legal Officer and Corporate Secretary, Chris Sabat, will discuss the Company’s fiscal third quarter 2022 financial results, and provide operational and corporate update.

Conference Call Details

The call can be accessed over the phone North America Toll Free at 1-888-664-6392 (call ID# 74161719), or via a live webcast accessible at: https://produceredition.webcasts.com/starthere.jsp?ei=1536214&tp_key=ca867ad1c6

A replay will be available shortly after the call and can be accessed by dialing North America Toll Free at 1-888-390-0541. The passcode for the replay is 161719#. The replay will be available until March 29, 2022. An archive of the webcast will be available shortly after the call on our website at www.cielows.com.

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ABOUT CIELO

Cielo Waste Solutions Corp. 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", as well as on the OTC Venture Market ("OTCQB"), under the symbol "CWSFF".

The Company's strategic intent is to become one of the leading waste-to-fuel environmental technology companies using its environmentally friendly, economically sustainable technology. Cielo has a patented process that can convert waste feedstocks, including plastics, rubber, organic material and wood derivative waste to fuel. Cielo's business model is to source waste feedstocks from industrial producers and other suppliers and convert the feedstocks into fuels. Having demonstrated its ability to produce diesel and naphtha from waste, Cielo plans to further enhance its Aldersyde Facility and to construct additional facilities that will convert waste feedstocks to energy fuels, including diesel, naphtha, and kerosene. The diesel from Cielo's distillate could be used in diesel engines. Kerosene could be suitable for aviation or marine jet fuel, and naphtha could be used to assist in transporting heavy oil. Cielo's objective is to generate value from converting waste to fuel while ridding the world of unwanted and problematic waste.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

Forward-looking statements are subject to both known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward looking statements. Cielo is making forward looking statements, with respect to, but not limited to: production forecast and targets including project timelines, corporate goals and objectives associated with the Aldersyde Facility and the R&D Facility; anticipated projects and the results therefrom including production of distillate and waste derived fuel at both the Aldersyde Facility and for the R&D Facility; the timeline for certain milestones for the Aldersyde Facility, including the timing of commissioning and start-up and results therefrom; the anticipated results at the Aldersyde Facility following the completion of the associated milestones; the construction of the R&D Facility; the anticipated timeline,

objectives and milestones associated with the R&D Facility; the anticipated data and related benefits from the R&D Facility and the use of such data; further research with plastics, railway ties and other waste; the identification of locations for other full-scale facilities; the reduction of capital expenditures and prioritization of the Aldersyde Facility if sufficient capital is not raised; the intended use of the website; the holding of and date of the fiscal Q3 2022 conference call and the content of the call including the subject matter thereof as well as speakers thereat, and the posting of the webcast thereafter, including the duration thereof. Investors should continue to review and consider information disseminated through news releases and filed by the Company on SEDAR. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward-looking statements are made as of the date hereof and, except as required by law, neither the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange), nor OTCQB nor WKN, have reviewed, and do not accept responsibility for the adequacy or accuracy of, the content of this news release.