

Cielo Announces Update to Capital Allocation Plans; Continues to Execute Corporate Strategy

*Revised Plan Addresses Current Inflationary Environment
Shifts Focus to Research & Development Demonstration Facility*

VANCOUVER, British Columbia, Canada (May 12, 2022) – Cielo Waste Solutions Corp. (TSXV:CMC; OTCQB:CWSFF) (“Cielo” or the “Company”), a waste-to-fuel environmental technology company, today announced a revised capital allocation plan to meet its commercial waste-to-fuel facility development goals. The fiscally prudent measure to pause Aldersyde Phase II development is being taken to mitigate the inflated cost of materials, equipment, labour, and services in the current market. Recently issued pre-construction cost estimates of approximately \$18MM to \$20MM represent an increase of at least fifty percent, with further escalation a distinct probability. The revised plan will continue to focus near-term capital investment on the previously announced 60-litre per hour (“lph”), research and development demonstration (“R&D”) facility. This change will reduce exposure to the inflationary cost environment while progressing the Company in the quickest and most cost-effective way to the design of a large-scale commercial facility. Crucially, this path forward will generate data for detailed economic models that will capture waste infeed composition, production volume, pricing, and capital costs to facilitate near-term design of full-scale commercial facilities.

Mr. Gregg Gegunde, Chief Executive Officer and Chief Operating Officer, commented: *“Market conditions have changed, and we have responded with an updated capital allocation plan to stay on course with our strategy. We are focusing on the planned 60-lph facility to obtain the data required to continue developing our proprietary technology using multiple waste infeeds to produce fuel. With this data in hand, and by leveraging the engineering completed by Stantec, Cielo will be well placed to design and construct a full-scale commercial facility.”*

Corporate Strategy Remains Unchanged

Cielo’s strategy continues to be the commercialization of its waste-to-fuel technology. The near-term focus is to profitably produce diesel, naphtha, and kerosene from multiple feedstock waste materials. The 60-lph facility is expected to achieve a number of goals to facilitate Cielo’s strategy:

- Provide production yields and distillate composition for various infeeds including wood, plastics, rubber, and organic materials;
- Permit analysis to optimize chemical reactions and conversions with added flexibility to operate at an increased range of temperatures and pressures, and the ability to operate multiple reactors;
- Shorten timelines for data capture and demonstrable project economics; and
- Through its smaller scale, allow for more expedient and cost-effective modifications and configurations.

The Aldersyde Facility has been useful to identify the limiting conditions that have historically prevented continuous production. This has given the technical team significant verified data to support the basis for the design of the 60-lph facility. As discussed in the April 18, 2022 press release, the distillate quality and the historical vapor line plugging issues with the existing Aldersyde Facility are understood and have been resolved. The Company anticipates validation of a continuous steady-state production regime by mid-June. The new waste management technology system has exceeded expectations by maximizing the recirculation of the carrier fluid, therefore reducing waste disposal costs

and carrier fluid consumption. The Company continues to operate the Aldersyde Facility as the reactor waste solids separation system is further refined and optimized.

Budget and Timeline

Cielo continues to develop its commercialization strategy to provide financial modelling intended to attract capital for future expansion. In association with this plan, the Board of Directors has approved the Company's revised budget for the 2023 fiscal year (May 2022 – April 2023). The revised capital cost estimate to complete the fabrication and construction of the 60-lph facility is CDN \$5.5 million. The Company now anticipates the commissioning of the 60-lph R&D Facility in Q3 2022 and the initiation of the design of a full-scale facility to commence in 2023.

Ms. Anna Cheong, Cielo's interim Chief Financial Officer noted that: *"This updated plan allows us to continue construction on the R&D demonstration facility, keeping operating costs low and incorporating operational synergies, without exposing ourselves to the inflated costs of the current market. We will continue to ensure that Cielo's resources are appropriately directed, with a focus on protecting and enhancing shareholder value, and we will continue to develop our waste-to-fuel tech Company in a controlled, transparent, and effective way."*

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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," on the Frankfurt Exchange ("DAX") under the symbol "C36", 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: corporate goals and objectives associated with both the Aldersyde Facility and the R&D Facility; the commissioning and timing for commissioning of R&D Facility and 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 anticipated results at the Aldersyde Facility following the completion of the associated milestones; the costs for the R&D Facility; the revised Company budget and the associated funding thereof.

Investors should continue to review and consider information disseminated through news releases and filed by the Company on System for Electronic Document Analysis and Retrieval ("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, the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise. Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV), nor OTCQB nor WKN, have reviewed, and do not accept responsibility for the adequacy or accuracy of, the content of this news release.