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## **Cielo Announces Settlement of Debt and the Resulting Discharge of Aldersyde Security**

**CALGARY, Alberta, Canada (February 23, 2023)** – Cielo Waste Solutions Corp. (TSXV:CMC; OTCQB:CWSFF) (“**Cielo**” or the “**Company**”), a waste-to-fuel environmental technology company, is pleased to announce that it has entered into an agreement for the settlement of the \$4,500,000 principal outstanding on a secured mortgage loan initially obtained to acquire the Company’s Fort Saskatchewan property, held by First Choice Financial Incorporated (“**FCF**”) and KV Capital Partners (“**KV**”), through the issuance of securities of the Company (the “**Securities for Debt Transactions**”).

As disclosed in the Company’s news release on February 13<sup>th</sup>, 2023, which provided an update on the Company’s proposed private placement (the “**Financing**”) with Crestmont Investments, LLC (“**Crestmont**”), management believes these transactions will enhance Cielo’s financial position and support the continued progress in advancing the research and development facility (the “**R&D Facility**”), targeted for commissioning by calendar Q2 2023, and further the goal of providing investors with long-term economic sustainability.

“FCF is proud to be a committed partner of Cielo and to continue providing innovative financing solutions that support the team’s core strategy, including through this strategic debt repayment structure,” commented Vikas Sharma, Chief Executive Officer of FCF. “As a firm believer in Cielo’s management team and strategy, we are prepared to reinvest in the Company, including demonstrating our support through the warrants being issued at a premium to the common share’s current market value, reflecting our belief in where Cielo is headed in the long-term and the ultimate value offered by its business model.”

Ryan Jackson, CEO of Cielo, commented, “Cielo and FCF have been long time partners and we sincerely appreciate the vote of confidence that a conversion of this magnitude conveys. Moving forward, with the support of Crestmont and FCF, we believe that we have the resources necessary to continue on our path to commercialization.”

### **Strategic Benefits of the Transactions**

The completion of the proposed Securities for Debt Transaction as well as the proposed Financing are expected to provide Cielo with benefits to its long-term financial stability, including:

- Crestmont’s election to invest in equity rather than debt at close to an 80% premium to the current market price in addition to FCF’s agreement to accept equity as consideration for the outstanding debt demonstrates confidence in the Company’s growth strategy and the desire for exposure to Cielo’s longer-term upside potential, in management’s view;
- Repaying the outstanding balance on the mortgage loan will eliminate \$4.5 million of the Company’s outstanding debt. While both common shares and warrants will be issued, close to an equal number of

warrants previously issued to FCF will be surrendered and cancelled, mitigating the dilutive impact of a shares for debt transaction;

- The Aldersyde Property, where the R&D Facility will be located, will no longer be used as security for debt (for either Crestmont or FCF);
- Retiring the outstanding loan for non-cash consideration is expected to significantly improve the Company's liquidity while conserving cash, supported by a meaningful monthly interest savings; and
- The potential future exercise of warrants to be issued to FCF and to Crestmont would result in improved cash position and demonstrate, in management's view, the desire of both FCF and Crestmont to invest in management's long-term vision and strategy.

## SECURITIES FOR DEBT TRANSACTION

### *Terms of Securities Issuance*

The agreement executed by the Company, FCF and KV (FCF and KV collectively the "**Lenders**") provides for the repayment of CAD 4,500,000 (the "**Loan**"), the balance of a secured mortgage loan provided by the Lenders in August 2021, by way of securities issuance.

As a condition of the Financing (as noted above), and in a continued effort to improve the Company's financial position, the Company has agreed, subject to the approval of the TSX Venture Exchange (the "**TSXV**"), to repay the balance of the Loan in full, which is secured by the Company's property in Fort Saskatchewan, Alberta (the "**FS Property**"), and its property in Aldersyde, Alberta (the "**Aldersyde Property**"). Completion of the Securities for Debt Transaction will result in the elimination of the Loan in exchange for the issuance of 64,285,714 units (each a "**Repayment Unit**", collectively the "**Repayment Units**"), at \$0.07 per Repayment Unit, each Repayment Unit consisting of one common share of Cielo (each a "**Repayment Unit Share**" and collectively the "**Repayment Unit Shares**") and one common share purchase warrant (each a "**Repayment Unit Warrant**" and collectively the "**Repayment Unit Warrants**"), each Repayment Unit Warrant exercisable for a period of 3 years upon prior notice in accordance with the terms of the Warrants at CAD \$0.125 per common share (each a "**Repayment Warrant Share**" and collectively the "**Repayment Warrant Shares**").

The Securities for Debt Transaction is subject to the approval of the TSXV. All securities issued in connection with the Securities for Debt Transaction will be subject to statutory hold periods in accordance with applicable securities legislation.

### *Termination of Bonus Warrants*

12,000,000 non-transferable bonus warrants (the "**2021 Bonus Warrants**") had been issued in August 2021, exercisable at \$1.00 per share, as an inducement for the Loan. In addition, pursuant to a previously announced second secured mortgage loan provided by FCF in February 2022 in a principal amount of \$11,000,000 (the "**Second Loan**"), 50,000,000 non-transferable bonus warrants (the "**2022 Bonus Warrants**") had been issued in February 2022, exercisable at \$0.22 per share, as an inducement for the Second Loan. FCF has agreed to surrender for termination the 2021 Bonus Warrants and the 2022 Bonus Warrants, which will reduce the common shares reserved for issuance by the Company by 54,500,000.

### *Partial Discharge of Security*

Both the Loan and the Second Loan have been secured in part by the FS Property and the Aldersyde Property. In addition to the full discharge of the security held by the Lenders upon the repayment of the Loan, FCF has agreed to a partial discharge of security in connection with the Second Loan. As a result, the Second Loan will be secured by the FS Property as well as a site-specific general security agreement. The Aldersyde Property will no longer be subject to a mortgage or otherwise be considered security for the Second Loan.

***This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities of the Company in the United States nor shall there be any sale of securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States. Accordingly, any of the securities described herein may not be offered or sold in the United States or to U.S. persons unless an exemption from registration is available.***

***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***

### **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 a leading waste-to-fuel company using economically sustainable technology while minimizing the environmental impact. Cielo has a patented process that can convert waste feedstocks, including organic material and wood derivative waste, to fuel. Having demonstrated its ability to produce diesel and naphtha from waste, Cielo’s business model is to construct additional processing facilities. Cielo’s objective is to generate value by converting waste to fuel, while fueling the sustainable energy transition.

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### **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: the Securities for Debt Transaction, including the terms thereof; the termination of the 2021 and the 2022 Bonus Warrants; the discharge of security related to the Loan and the partial discharge of the Aldersyde Property in connection with the Second Loan, the impact of the Securities for Debt Transaction as well as the Financing on the Company; the hold period on the securities to be issued pursuant to the Securities for Debt Transaction; the timing for the commissioning of the R&D Facility; the potential impact on the Company of the potential exercise of warrants to be issued to Crestmont and FCF (pursuant to separate transactions); the eliminated requirement to use the Aldersyde Property as security for any loan.

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, 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.