

Cielo Solicits Waste Feedstock for Nova Scotia Renewable Fuel Facility

Helena Tavares Kennedy | March 22, 2020

In Canada, Cielo Waste Solutions Corp. and Renewable U Halifax Inc. are actively seeking sources of waste feedstock for the planned Joint Venture Renewable Fuel Facility that will be located in, or within, 150 km of Halifax Nova Scotia. This call for Expressions of Interest (“EOI”) creates an opportunity for companies and organizations that generate industrial, commercial and municipal waste in Nova Scotia to explore a long term agreement to supply the waste feedstock for their planned facility that is being engineered to convert 8 tons of dried waste per hour into approximately 32.7 million liters a year of high grade renewable fuel.

Locations consisting of approximately 80 acres of land, so as to accommodate additional capacity, are being considered. Construction and commissioning of the Facility that is anticipated to employ approximately 50-75 people during construction and 25 once operational are expected to take approximately 18 months to build out.

“We are very optimistic that this EOI for Nova Scotia will provide multiple feedstock sources and help us select the right location for our green waste to energy facility. Our technology can convert multiple different waste streams into high grade renewable fuel without having to sort the feedstock,” stated Don Allan, Cielo’s President and CEO.

GOVERNMENT UPDATE

Earlier this month, Mr. Allan travelled to Ottawa for a day of highly productive meetings with senior officials from the Government of Canada. The intent of the meetings was to demonstrate how Cielo can help Canada meet its emissions targets on methane and carbon, address the global plastics crisis, and reduce the need for imported biofuel. Cielo met with representatives from Environment and Climate Change Canada, Natural Resources Canada, and Members of Parliament. Discussions focused on forthcoming regulatory challenges and potential areas for collaboration between Cielo and the Government of Canada. Cielo will continue to provide updates as they come available.

OPERATIONS UPDATE

Since early January 2020, Cielo’s facility in Aldersyde, Alberta (the “Aldersyde Facility”) has been operating full-time, on a continuous-flow basis, with minor short-term customary interruptions. During this period, renewable naphtha and diesel from wood biomass has been produced, which has been a major achievement for Cielo. Cielo’s third-party engineering consultants have been providing drawings for the upgraded reactor, feeder hopper and waste line. These drawings have been sent out to different suppliers for quotes and the fabricators are working on completing the necessary upgrades which will allow us to ramp up production to commercial levels.

Over the past 10 weeks, Cielo’s management has toured over 60 people through the Aldersyde Facility. These people included current shareholders, interested parties from the U.S., Mexico, the Middle East and across Canada. As a result of the public health COVID-19 crisis, and to protect our staff and contractors, Cielo has stopped all tours for the time being and temporarily laid-off our operators while maintaining essential personnel that are now readying the Aldersyde Facility to be retrofitted with the

new equipment that is being built to increase hourly production. During these challenging times Cielo has also served notice to end the engagement with Alliance Capital Partners to provide investor relation services to the Company.

Cielo is in advanced discussions, with an established industry buyer, who after conducting extensive due diligence and reviewing third party lab analysis, is interested in entering into a long term agreement to purchase Cielo's high grade renewable diesel fuel, which is currently being produced at the Aldersyde Facility. The potential buyer does not need the Company to remove the sulfur from the renewable fuels that are being produced. Although reduced fuel prices will impact Cielo's cash flow, it's expected that Cielo's highly efficient production costs will help insulate the Company from current low fuel prices and allow for solid margins on the sale of product. Management believes that Cielo has a healthy advantage over its competitors by using inexpensive feedstocks (waste streams) and significant transport savings. Once the Aldersyde Facility is back up and running, management is encouraged about potential growth opportunity. On March 18, the Cochrane Today newspaper reported that Alberta's Premier Jason Kenney noted recently that economists are projecting a sharp rebound in the global economy in June, based on a surge in pent-up demand.

Mr. Allan further stated "We are optimistic that in the near future we will receive approval from Alberta Environment and Parks ("AEP") for the requested amendments to our operating permit for our Aldersyde Facility. Once in place and once back up and running, we will be able to run alternate waste feedstocks through our Aldersyde Facility and confirm that we can produce high grade renewable fuels from various different waste feedstocks including garbage consisting of household, commercial/construction/demolition garbage, used tires, scrap railway ties and telephone poles as well as all types of plastic that currently cannot be recycled. The amendments from AEP are expected to advance site locations for our joint venture renewable diesel facilities, which we expect will create hundreds of jobs and inject an estimated \$250M into the Alberta economy."