

Cielo Waste Solutions to build \$50M renewable diesel refinery

By Helena Tavares Kennedy | January 11, 2020

In Canada, Cielo Waste Solutions Corp. signed a Memorandum of Understanding with Renewable U Halifax Inc. to build, at an estimated cost of \$50 Million, a renewable diesel refinery in, or within 150 kilometers of Halifax, Nova Scotia.

Cielo is expecting to convert 327,360 tonnes of garbage into 163,680,000 liters of renewable fuels annually from the 5 announced JV refineries. It is anticipated that this JV Refinery will create in Nova Scotia 50 full-time jobs during construction and employ 25 full-time people once operational. The JV Refinery will utilize Cielo's proprietary waste to high grade renewable fuel technology being commercialized at the Company's refinery in Aldersyde, Alberta, located just south of Calgary.

Renewable U Halifax and Cielo will be working towards entering into a joint venture agreement contemporaneously with the joint venture agreements to be entered into with the other Renewable U Companies, which will provide the framework to build and operate a 4,000 liter per hour joint venture refinery in Nova Scotia that will be engineered to operate 24 hours a day, 341 days per year.

Renewable U Halifax will be solely responsible for financing 100% of the costs associated with the JV Refinery including the acquisition of the land, building and commissioning of the JV Refinery.

Cielo will manage the JV Refinery, overseeing its planning, construction, commissioning and operation and will receive a management fee equal to 7% of the JV Costs for the construction of the JV Refinery, subject to certain exclusions, and will continue to receive management fees based on industry standards once the JV Refinery commences producing high grade renewable fuels. Based on the estimated JV Costs of \$50 Million Cielo will receive management fees of \$3.5 Million over the next several years while the JV Refinery is being permitted, built and commissioned.

Profits from the JV Refinery will be split 30% in favour of Cielo and 70% in favour of Renewable U Halifax, until Renewable U Halifax has received profits equaling 100% of the JV Costs plus the applicable management fees. Thereafter profits will be split on the basis of 50.1% in favour of Cielo and 49.9% in favour of Renewable U Halifax reflecting the respective interests/ownership of the parties.