

**FORM 62-103F1**

**EARLY WARNING REPORT**

**Item 1 – Security and Reporting Issuer**

1.1 *State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.*

This report relates to Class A voting common shares ("Common Shares") of Cielo Waste Solutions Corp. ("Cielo").

Cielo's head office address is as follows:

Cielo Waste Solutions Corp.  
101 - 1500 Howe Street  
Vancouver, British Columbia V6Z 2N1

1.2 *State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.*

NOT APPLICABLE

The transaction described herein and in respect of which this report is filed did not take place in a market.

**Item 2 – Identity of the Acquiror**

2.1 *State the name and address of the acquiror.*

BJK Holdings Ltd. (the "Lender")  
238 - 22 Street North  
Lethbridge, Alberta T1H 3R7

2.2 *State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.*

As partial consideration for a \$3,500,000 loan facility provided by the Lender to Cielo (the "Loan Transaction"), Cielo issued to the Lender warrants (the "Warrants") to purchase up to 25,000,000 Common Shares at an exercise price of \$0.20 per share, subject to adjustment for reorganizations or certain dilutive events during the term of the Warrants. The Warrants were issued effective November 2, 2017 (with escrow release conditions satisfied on November 3, 2017).

2.3 *State the names of any joint actors.*

NOT APPLICABLE

### Item 3 – Interest in Securities of the Reporting Issuer

- 3.1 *State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.*

See Item 2.2 above.

The Warrants entitle the Lender to purchase up to 25,000,000 Common Shares at an exercise price of \$0.20 per share, subject to adjustment for reorganizations or certain dilutive events during the term of the Warrants. The Warrants expire on the later of (i) November 2, 2019 and (ii) 30 days following full repayment of the loan facility, subject to an ultimate outside expiry date of November 2, 2022.

For the purpose of the early warning requirements of applicable Canadian securities legislation pursuant to which this report is filed, the Lender is deemed to have acquired and to be the beneficial owner of the 25,000,000 Common Shares underlying the Warrants, representing a securityholding percentage in Common Shares of approximately 16.4% based on the Lender's understanding that there are 127,630,906 Common Shares outstanding at the date of this report and assuming the issue of an additional 25,000,000 Common Shares pursuant to the Warrants.

- 3.2 *State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.*

The Lender acquired ownership of and control over the Warrants.

- 3.3 *If the transaction involved a securities lending arrangement, state that fact.*

NOT APPLICABLE

- 3.4 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.*

The Lender did not own or control any securities of Cielo before acquiring the Warrants.

Upon acquiring the Warrants, the Lender was deemed under applicable Canadian securities legislation to have acquired and to be the beneficial owner of the 25,000,000 Common Shares underlying the Warrants, for a securityholding percentage in Common Shares (based on there being 127,630,906 Common Shares outstanding at the date of this report, and assuming the issue of an additional 25,000,000 Common Shares pursuant to the Warrants) of approximately 16.4%.

See Item 3.1 above.

- 3.5 *State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which*

- (a) *the acquiror, either alone or together with any joint actors, has ownership and control,*

The Lender owns and controls all of the Warrants. See Item 3.4 above.

- (b) *the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and*

NOT APPLICABLE

- (c) *the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.*

NOT APPLICABLE

- 3.6 *If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.*

NOT APPLICABLE

- 3.7 *If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.*

*State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.*

NOT APPLICABLE

- 3.8 *If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.*

NOT APPLICABLE

#### **Item 4 – Consideration Paid**

- 4.1 *State the value, in Canadian dollars, of any consideration paid or received per security and in total.*

The Warrants were issued by Cielo to the Lender as partial consideration for the Loan Transaction. See Item 2.2 above.

The exercise price under the Warrants is \$0.20 per share, subject to adjustment for reorganizations or certain dilutive events during the term of the Warrants.

- 4.2 *In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.*

See Item 4.1 above.

4.3 *If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.*

See Item 2.2 above.

#### **Item 5 – Purpose of the Transaction**

*State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:*

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;*
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;*
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;*
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;*
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;*
- (f) a material change in the reporting issuer's business or corporate structure;*
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;*
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;*
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;*
- (j) a solicitation of proxies from securityholders;*
- (k) an action similar to any of those enumerated above.*

The Lender acquired the Warrants for investment purposes in connection with the Loan Transaction. The Lender may in the future change its ownership or control of Common Shares or other securities of Cielo based on its assessment of market conditions and any other factors it might consider relevant at the time. Any such change may be pursuant to exercise of the Warrants, market transactions, private agreements, distributions from treasury, or otherwise.

In connection with the Loan Transaction and the issue of the Warrants, Cielo and the Lender entered into an agreement pursuant to which the Lender may become entitled (but not required) to nominate one qualified individual for election to Cielo's board of directors.

**Item 6 – Agreements, Arrangements, Commitments or Understandings with respect to Securities of the Reporting Issuer**

*Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.*

NOT APPLICABLE

**Item 7 – Change in material fact**

*If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.*

NOT APPLICABLE

**Item 8 – Exemption**

*If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.*

NOT APPLICABLE

*[remainder of page intentionally left blank – certification page follows]*

**Item 9 – Certification**

*The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.*

*This report must be signed by each person on whose behalf the report is filed or his authorized representative.*

*It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.*

Certificate

The Lender certifies that the statements made in this report are true and complete in every respect.

DATED: November 6, 2017.

**BJK HOLDINGS LTD.**

By: (signed) "David Thiessen"

David Thiessen

Authorized Signatory