

FORM 51-102F3
Material Change Report

1. Name and Address of Company

Cielo Waste Solutions Corp. (the “**Company**” or “**Cielo**”)
Head Office:
#2500, 605 - 5th Avenue S.W.
Calgary, AB T2P 3H5

2 Date of Material Change

November 9, 2023

3. News Release

A news release was issued and disseminated on November 10, 2023 and filed on SEDAR+.

4. Summary of Material Change

- a. The Company closed its previously announced asset purchase transaction (the “**Transaction**”) with Expander Energy Inc. (“**Expander**”).
- b. James H. Ross was appointed to the Board of Directors.
- c. The Company completed an additional drawdown (of \$500,000) on its previously announced credit facility.

5. Full Description of Material Change

Asset Purchase Transaction

The Company closed the Transaction with Expander.

Pursuant to an asset purchase agreement dated September 15, 2023, as amended and restated on November 8, 2023 (the “**Asset Purchase Agreement**”) between Cielo and Expander, Cielo acquired assets and liabilities of Expander to operate the EBTL™ and BGTL™ technologies business being acquired from Expander (the “**Acquired Business**”). Management believes that the completion of the Transaction will allow Cielo to accelerate its timeline to revenue while enhancing Cielo’s existing proprietary Thermal Catalytic Depolymerization (TCD) technology.

Cielo and Expander agreed to make certain amendments to the Asset Purchase Agreement, including the removal of Cielo’s financing obligations. While the non-

binding letter of intent is still in effect, the Company, together with Expander, are exploring various financing options, including grants that may be available. Certain additional changes were made to the Asset Purchase Agreement, a copy of which is available on the Company's profile on www.sedarplus.ca.

Concurrently with the closing of the Transaction, Cielo and Expander executed a license agreement (the "**License Agreement**"), providing Cielo with an exclusive licence in Canada to use Expander's patented EBTL™ and BGTL™ technologies and related intellectual property for all feedstocks, as well as an exclusive licence in the United States for creosote and treated wood waste (the "**Licensed Technologies**"), which will be used in facilities that will process biomass (waste) to fuels (bio-syndiesel) (the "**Licensed Facilities**"). See the Company's news release dated September 20th, 2023 for additional terms of the License Agreement.

In addition, Cielo and Expander executed master service agreements under which Expander will provide services for both the engineering, procurement and construction phases, as well as the operation/project management phase, of each of the Projects (as defined in the Asset Purchase Agreement).

In consideration for the acquisition of the Acquired Business, Cielo agreed to pay a purchase price of C\$45,323,785.30 by issuing 906,475,706 common shares of the Company (the "**Consideration Shares**") at a price of \$0.05 per Consideration Share. Pursuant to the terms of the Asset Purchase Agreement:

- Cielo issued 85% of the Consideration Shares on closing to Expander, Expander's directors and officers (the "**Expander Insiders**") and Expander's other shareholders;
- 25% of the issued Consideration Shares, which are held by Expander and the Expander Insiders, have been deposited into escrow for release as follows:
 - 25% on January 4, 2024;
 - 25% on April 1, 2024;
 - 25% on August 28, 2024; and
 - 25% on November 9, 2024
- The remaining 15% of the Consideration Shares will be issued upon the expiration of an indemnification period and subject to certain conditions, each as set out in the Asset Purchase Agreement.

If all of the Consideration Shares were issued on closing, this would represent 49.9% of the issued and outstanding common shares of Cielo, the existing shareholders of the Company retaining 50.1% of the issued and outstanding common shares of Cielo. As 85% of the Consideration Shares were issued as of closing, Expander, its shareholders and the Expander Insiders hold approximately 46% of the issued and outstanding shares of Cielo.

The Consideration Shares are also subject to a statutory hold period of four months and one day. This hold period will expire on March 10, 2024 for the 85%

Consideration Shares issued on closing.

As the Transaction was considered a “Fundamental Acquisition” as defined by the policies of the TSX Venture Exchange (the “TSXV”), the Company’s common shares were halted from trading pending review by the TSXV of the Transaction. As the Transaction was approved by the TSXV prior to closing, and has closed, the Company’s shares resumed trading on November 14, 2023.

Director Appointment

As agreed in the Asset Purchase Agreement, the board of directors of Cielo (the “**Board**”) appointed James H. Ross, CFO and Chair of Expander, to the Board, and agreed to nominate G. Steven Price and Larry Hagggar, directors of Expander, for election at the Company’s next meeting of shareholders. The Board is now comprised of: Sheila Leggett, Larry Schafran, the Hon. Peter MacKay, James H. Ross, and CEO Ryan Jackson.

Loan Drawdown

On July 17, 2023, the Company announced the execution of a loan commitment letter for a mortgage loan (the “**Loan**”) of up to \$5 million with First Choice Financial Incorporated. On July 26, 2023, the Company announced a drawdown on the Loan of \$2 million. The Company has drawn down an additional \$500,000 on the Loan for general working capital. For additional details on the terms of the Loan, see the Company’s news release dated July 26, 2023 (as applicable to this portion of the Loan).

6. Disclosure for Restructuring Transactions

Not applicable.

7. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

8. Omitted Information

No significant facts remain confidential in, and no information has been omitted from, this report.

9. Executive Officer

Ryan Jackson, Chief Executive Officer
T: 403-529-7791

10. Date of Report

November 20, 2023