

FORM 51-102F3
Material Change Report

1. Name and Address of Company

Cielo Waste Solutions Corp. (the “**Company**” or “**Cielo**”)
Head Office:
#2500, 639 - 5th Avenue S.W.
Calgary, AB T2P 3H5

2 Date of Material Change

November 29, 2024

3. News Release

A news release was issued and disseminated on November 28, 2024 and filed on SEDAR+.

4. Summary of Material Change

The Company completed the sale of a portion of the Company’s currently inactive assets, resulting in the assignment of a \$2.6 million mortgage loan (the “Mortgage Loan”).

5. Full Description of Material Change

The Company completed the sale of a portion of the Company’s currently inactive assets, resulting in the assignment of a \$2.6 million mortgage loan (the “Mortgage Loan”).

Since the closing of an asset acquisition in November 2023 ((the “2023 Acquisition”), pursuant to which the Company acquired, among other items, an exclusive licence in Canada to use Expander Energy Inc.’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 renewable fuels, Cielo has focused on the Licensed Technologies and is currently in the process of acquiring additional assets from Rocky Mountain Clean Fuels Inc., as previously announced, which will operate in tandem with the Licensed Technologies. As such, Cielo determined it to be in the best interest of the Company to dispose of the TCD Technology and the related assets (the “TCD Assets”), as well as the land used for its development located in Aldersyde, Alberta (the “Aldersyde Property”, together with the TCD Assets, collectively the “Assets”), and by doing so, also eliminate the Mortgage Loan secured against the Aldersyde Property.

Cielo executed an asset purchase agreement (the “Asset Purchase Agreement”) dated November 28th, 2024 with a private, arm’s length, Alberta corporation (the “Purchaser”) setting out the terms upon which the Company agreed to sell the Assets in consideration for the Purchase Price (as defined below) (the “Transaction”). The Asset Purchase Agreement and the closing of the Transaction were subject to the removal of customary commercial conditions, including obtaining lender approval. The Transaction closed, effective November 29, 2024.

Pursuant to the terms of the Asset Purchase Agreement, Cielo sold to the Purchaser the Property together with the equipment located on the Property (the “Equipment”) and the entire right, title and interest in the invention and improvements of the Company in its Canadian and U.S. patents for “Enhanced Distillate Oil Recovery From Thermal Processing And Catalytic Cracking Of Biomass Slurry” (the “IP”, together with the Property and Equipment, collectively the “Assets”).

The purchase price for the Assets was \$3.9 million (the “Purchase Price”), subject to a \$15,000 reduction for outstanding fees owed by Cielo associated with the Aldersyde Property, and adjustments, paid/to be paid as follows:

1. \$300,000 paid on or prior to closing;
2. The assumption, by the Purchaser, of the Mortgage Loan (eliminating the Company’s obligation to pay the Mortgage Loan); and
3. A promissory note in favour of the Company on the following terms:
 - a. A principal amount of \$1 million (the “Loan”);
 - b. Secured against the Aldersyde Property (second place behind the existing mortgagor);
 - c. Bearing an interest rate of 7.5% per annum, payable monthly;
 - d. To be paid as to \$200,000 on each of February 15, 2025 and May 15, 2025, and as to \$150,000 on each of August 15, 2025, November 15, 2025, February 15, 2026, and May 15, 2026, provided that in the event that the Purchaser pays \$700,000 of the Loan on or before May 15, 2025, the balance of the Loan will be forgiven.

Other than customary fees, no third-party finder fees have been or will be paid with respect to the Transaction.

The Transaction constitutes an “exempt transaction” under TSX Venture Exchange Policy 5.3 (the “Policy”) as it satisfies all of the requirements set out in Section 3.1 of the Policy.

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: 403.256.7440

10. Date of Report

December 9, 2024