



CIELO

CIELO WASTE SOLUTIONS CORP.

Condensed Interim Financial Statements

For the Three and Six Months Ended October 31, 2025 and 2024

Management's Report

For the Three and Six Months Ended October 31, 2025 and 2024

To the shareholders of Cielo Waste Solutions Corp. ("Cielo" or the "Company"):

The accompanying condensed financial statements of Cielo have been approved by the Board of Directors and prepared in accordance with International Financial Reporting Standards. The management of Cielo ("Management") is responsible for the integrity and objectivity of the information presented in the condensed financial statements including the amounts based on estimates and judgments. The financial information contained in the management's discussion and analysis is consistent with the condensed financial statements.

Management maintains accounting systems and related internal controls, policies, and procedures to provide reasonable assurance that assets are safeguarded, transactions are authorized, and complete and accurate financial records are maintained to provide reliable information for the preparation of the condensed financial statements in a timely manner.

The Board of Directors oversee management's responsibility for financial reporting through the Audit Committee of the Board of Directors. The Audit Committee is comprised of three directors, has reviewed and recommended the condensed financial statements for approval to the Board of Directors. The condensed financial statements have been further reviewed by the Board of Directors prior to their approval.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the condensed financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

"Signed"

Ryan C. Jackson
Chief Executive Officer

"Signed"

Jasdeep K.B. Dhaliwal
Chief Financial Officer

Cielo Waste Solutions Corp.

Condensed Consolidated Interim (Unaudited) Statements of Financial Position

All amounts Canadian \$000's, except share and per share amounts

As at	Note	October 31 2025	April 30 2025
Assets			
Current Assets			
Cash & cash equivalents		51	
Restricted investments		155	155
Accounts receivable		8	35
Prepaid expenses and other		156	68
		370	258
Total Assets		370	258
Liabilities			
Current Liabilities			
Bank Indebtedness		-	12
Accounts payable and accrued liabilities		1,084	1,383
Royalty payable		889	889
Due to Related Parties	7	488	407
Promissory note payable		-	856
Other liabilities		784	748
		3,245	4,295
Non-current Liabilities			
Convertible debentures	4	1,238	1,928
		1,238	4,136
Total Liabilities		4,483	6,223
Shareholders' Equity			
Share capital	5	130,073	156,990
Contributed surplus		44,071	13,052
Deficit		(178,257)	(176,007)
Total Shareholders' Equity		(4,113)	(5,965)
Total Liabilities and Shareholders' Equity		370	258

Going Concern (Note 3) and Subsequent Events (Notes 9)

Signed on behalf of the Board of Directors

"Ryan C. Jackson"

"Sheila Leggett"

Cielo Waste Solutions Corp.

Cielo Waste Solutions Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited) For the Three and Six Months Ended October 31, 2025 and 2024

(All amounts expressed in Canadian \$000s, except share and per share amounts)

	Note	Three Months Ended October 31		Six Months Ended October 31	
		2025	2024	2025	2024
Expenses and other income					
Financing costs	6	117	64	295	240
General and administrative		33	822	909	1,390
Research and development		-	44	-	130
Share based compensation	5	58	91	116	245
Depreciation and amortization		-	1,376	-	2,747
Impairment of property, plant, and equipment		-	7,710	-	7,710
Impairment of intangible assets		-	3,396	-	3,396
Loss (gain) on settlement of debt with shares		-	-	930	(129)
Net and comprehensive loss		(208)	(13,503)	(2,250)	(15,729)
Loss per share					
Basic		(0.001)	(0.11)	(0.01)	(0.13)
Diluted		(0.001)	(0.11)	(0.01)	(0.13)

Cielo Waste Solutions Corp.

Condensed Consolidated Statements of Changes in Shareholders' Equity

All amounts Canadian \$000's, except share and per share amounts

	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2024	149,943	12,632	(121,335)	41,240
Fair value of warrants issued on convertible debenture (Note 12)	-	-	-	-
Fair value of shares issued for debt settlement	1,771	-	-	1,771
Share based compensation	-	245	-	245
Conversion feature of convertible debenture	-	16	-	16
Share issuance costs	(29)	-	-	(29)
Net and comprehensive loss	-	-	(15,729)	(15,729)
Balance, October 31, 2024	151,685	12,893	(123,561)	27,514
Balance, April 30, 2025	156,989	13,052	(176,007)	(5,966)
Fair value of shares issued for debt	2,362	537	-	2,899
Shares cancelled from IP	(29,963)	29,963	-	-
Share based compensation (Note 13)	-	116	-	116
Share issuance	718	403	-	1,121
Shares Issued on Warrant Exercise	3	-	-	3
Share issuance costs	(36)	-	-	(36)
Net and comprehensive loss	-	-	(2,250)	(2,250)
Balance, October 31, 2025	130,073	44,071	(178, 257)	(4,113)

Cielo Waste Solutions Corp.

Cielo Waste Solutions Corp.
Condensed Interim Consolidated Statements of Changes in Cash Flow
For the Six Months Ended October 31, 2025 and 2024 (unaudited)
(All amounts expressed in Canadian \$000s, except share and per share amounts)

	Note	Three months ended October 31		Six months ended October 31	
		2025	2024	2025	2024
Operating activities					
Net loss		(208)	(13,503)	(2,250)	(15,729)
Items not involving cash:					
Depreciation and amortization		-	1,376	-	2,747
Impairment of property, plant, and equipment		-	7,710	-	7,710
Impairment of intangible assets		-	3,396	-	3,396
Loss (gain) on settlement of debts with shares		-	-	930	(129)
Share based compensation	5	58	91	116	245
Other (gain) loss		-	(2)	-	-
		(32)	(868)	(1,204)	(1,520)
Changes in non-cash working capital:					
Accounts receivable		62	(26)	27	80
Prepaid expenses		(67)	257	(88)	92
Accounts payable and accrued liabilities		(101)	354	123	571
Other liabilities				36	
Due to Related Parties			-	81	
Cash used in operating activities		(137)	(283)	(1,025)	(777)
Financing activities					
Lease liability		-	9	-	(24)
Short-term loan advances		-	407	-	608
Private Placement	5	235	-	1,121	-
Proceeds Exercise Warrants		3	-	3	
Convertible debenture	4	-	(94)		(4)
Share issuance costs		(6)	(25)	(36)	(27)
Cash provided (used) by financing activities		232	297	1088	553
Investing activities					
Additions of property, plant, and equipment		-	-		(277)
Accounts payable and accrued liabilities		-	(31)		132
Cash provided (used) in investing activities			(31)		(145)
Increase (decrease) in cash and cash equivalents		63	(17)	63	(369)
Cash and cash equivalents, beginning of period		(12)	24	(12)	376
Cash and cash equivalents, end of period		51	7	51	7

1. REPORTING ENTITY

Cielo Waste Solutions Corp. (“**Cielo**” or the “**Company**”) is a publicly traded company with its shares listed on the TSX Venture Exchange (“TSXV”) under the symbol “CMC”, as well as on the OTCQB Venture Market, under the symbol “CWSFF”. The registered office of the Company is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. The principal office of the Company is located at Suite 2700, 1133 Melville Street, Vancouver, British Columbia, V6E 4E5.

On July 29, 2021, the Company incorporated a wholly owned subsidiary, Cielo Fort Saskatchewan Corp., to acquire the land and hold the assets for a future proposed facility in Fort Saskatchewan, Alberta. Subsequent to July 29, 2021, the financial statements include the accounts of the Company and its wholly owned subsidiary. In June 2023, the Company amalgamated with its wholly owned subsidiary under the *Business Corporations Act* (British Columbia).

2. STATEMENT OF COMPLIANCE AND BASIS ACCOUNTING

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” and using the accounting policies outlined by the Company in its annual financial statements for the year ended April 30, 2025. These unaudited condensed consolidated interim financial statements do not include all the information required for the full annual financial statements. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended April 30, 2025.

These Unaudited Condensed Financial Statement were approved and authorized for issuance by the Board of Directors of the Company on September 23, 2025. These condensed financial statements are presented in Canadian dollars which is the functional currency of the Company.

3. GOING CONCERN

The Company has significant doubt to operate on a going concern basis as the Company has not yet generated revenue from its planned commercial operations and has accumulated losses of \$178 million as at October 31, 2025 and generated a loss of \$2.0 million for the period ended October 31, 2025. The Company has a working capital deficit (defined as total current assets less total current liabilities) of \$3.0 million as at October 31, 2025.

- The Company currently has limited ability to settle its working capital deficiency including any of its debt nor finance its ongoing operating and investment activities nor meet its financing and other contractual commitments.
- The Company will require additional capital to fund costs relating to research, development and other corporate activities over the next year and beyond, and to fund payments of short-term indebtedness as they become due, fund working capital requirements, and to meet the short-term obligations and potential future financing requirements to develop future projects
- The Company has not reached planned commercial operations and its ability to continue as a going concern is dependent on the continued support of debtholders and lenders (Note 9) as well as other potential investors to fund the cost of research, development, and other corporate activities,
- The foregoing may include raising additional equity and/or debt; or entering into strategic partnerships and/or other agreements, in addition to grants and incentives that may be available to the Company. There is no guarantee that the Company will be successful in this regard. These matters create a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These condensed financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. These condensed financial statements do not reflect adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern assumption were not appropriate, adjustments might be necessary to the amounts and classifications of the Company's assets and liabilities and the reported expenses. These adjustments could be material.

4. CONVERTIBLE DEBENTURE

	Convertible debenture	Equity Conversion Feature	Warrant Reserve	Total
Balance April 30, 2024	1 674	55	307	2,036
Convertible debentures issued	67	10	13	90
Debt issuance costs	(5)	-	-	(5)
Accretion and interest	217	-	-	217
Equity Conversion	(25)	(3)		
Balance, April 30, 2025	1,928	62	320	2,310
Securities Conversion	(800)			(800)
Accretion and interest	110	-	-	73
Balance, October 31, 2025	1,238	62	320	1,583

On April 30, 2025 the Company executed agreements with a majority of the holders of the Convertible Debentures to issue securities of the Company. The transaction closed on July 25, 2025. The Company agreed to issue 21,467,465 units at \$0.05 per unit to debenture holders. Each unit consisted of one common share and one share purchase warrant exercisable for 24 months at a price of \$0.15 per share. This conversion settled \$0.8 million in principal and \$0.3 million in interest. (Note 18).

In February, 2024 the Company announced a private placement of convertible debenture units (each a "Convertible Debenture Unit", collectively the "Convertible Debenture Units") issued at \$1,000 each, to a maximum of \$5 million. Each Convertible Debenture Unit is comprised of:

- one unsecured convertible debenture (each, a "Convertible Debenture") in the principal amount of \$1,000.00 (the "Principal Amount") convertible into common shares of the Company (the "Common Shares" and each such Common Share, a "Conversion Share"); and
- 2,500 detachable share purchase warrants (each, a "Warrant") exercisable into Common Shares (each such Common Share, a "Warrant Share").

Principal & Interest

The Principal Amount of the Debentures, together with any accrued and unpaid interest, will mature and become due and payable in cash on the date that is 24 months from the date of issue of the Convertible Debenture Units ("Issue Date"), subject to earlier conversion or redemption (the "Maturity Date"). The Principal Amount owing under the Convertible Debentures will accrue interest from the date of issuance at 12.0% per annum, payable every six months in cash, except the first payment will be made in November 2024 and will consist of interest accrued from and including the Issue Date. As the Convertible Debentures will be unsecured debt obligations of the Company, each Convertible Debenture will rank subordinate to all secured debt obligations of the Company.

Interest payable of \$0.008 million was not paid on November 30th, 2025 and has been accrued.

Conversion

The Principal Amount may be converted, for no additional consideration, into Conversion Shares at the option of the holder of a Convertible Debenture at any time after the Issue Date at a conversion price (the "Conversion Price") of \$0.40 per Conversion Share.

Forced Conversion

The Company may force the conversion of the Convertible Debentures at the Conversion Price, in the event that the volume weighted average price of the Common Shares on the Exchange is greater than \$1.00 for any ten consecutive trading days. In the event of a forced conversion, the Company will provide notice to holders by issuing a news release announcing the details of the forced conversion, including the date upon which the forced conversion will occur. In addition, the principal amount of the Convertible Debentures may be redeemed by the Company at any time without penalty.

Warrants

Each Warrant will entitle the holder to purchase one Warrant Share at a price of \$0.70 per Warrant Share for a period of 24 months from the Issue Date. However, the Company may accelerate the expiry of the Warrants (the "Warrant Term Acceleration") should the volume weighted average price of the Common Shares on the TSX Venture Exchange is greater than \$1.00 for any ten consecutive trading days. In the event of a Warrant Term Acceleration, the Company will provide notice to holders of the Warrants by issuing a news release announcing the details of the Warrant Term Acceleration, including the accelerated expiry date of the Warrants.

Cielo Waste Solutions Corp.
Notes to Condensed Consolidated Interim Financial Statement
For the Three Months and Six Months Ended October 31, 2025 and 2024 and the Year Ended April 30, 2025
All amounts Canadian \$000's, except share and per share amounts

On May 31, 2024, the Company closed on \$90 of Convertible Debenture Units, bringing the total gross proceeds to \$2,130 or 2,130 Convertible Debentures, 5,325,000 warrants and 5,250 broker warrants. Finders' fees comprised of 5,250 broker warrants and \$3 cash payment were remitted in relation to the offering of the Convertible Debenture Units. Each tranche of warrants issued were valued using GBM with the following inputs:

	March 8, 2024	April 4, 2024	May 31, 2024
Risk-free interest rate	4.03%	4.27%	4.17%
Expected life (years)	2.0	2.0	2.0
Expected volatility	85%	85%	85%
Share price at issuance date	\$0.33	\$0.22	\$0.28
Exercise price of warrants	\$0.70	\$0.70	\$0.70
Expected dividends	Nil	Nil	Nil
Fair value of Broker Warrants granted (\$/warrant)	\$0.06	\$0.06	\$0.06

5. SHARE CAPITAL

The aggregate number of Class A common shares and Class B preferred shares which are authorized and may be issued is unlimited. As at October 31, 2025, there were no Class B preferred shares issued or outstanding. The number of common shares issued and outstanding are:

As at October 31	2025		2024	
Common Shares	Number of Shares	\$ Amount	Number of Shares	\$ Amount
Balance, at April 30	128,964,242	156,989,691	113,302,571	149,943,103
Issued in settlement of debt	39,355,323	2,361,319	6,440,678	1,771,186
Private Placement Units	22,425,000	718,136	-	(1,982)
Shares cancelled for IP Unwinding	(39,950,761)	(29,963,071)		
Warrant Exercise	1,866	2,519		
Share issuance cost	-	(35,775)		
Balance as at October 31	150,795,670	130,072,850	119,743,249	151,712,307

Securities for Debt

On July 25, 2025, the Company issued 12,055,680 units, each unit comprised of one common share and one share purchase warrant, at a price per unit of \$0.05, to settle indebtedness outstanding under promissory notes of \$0.55 million and accrued interest of \$0.05 million. Each share purchase warrant is exercisable at \$0.15 per share until July 25, 2027. The transaction resulted in a loss on settlement of \$0.30 million.

On July 25, 2025, the Company issued 21,467,465 units, each unit comprised of one common share and one share purchase warrant, at a price per unit of \$0.05, to settle convertible debenture principal outstanding of \$0.8 million and accrued interest of \$0.3 million. Each share purchase warrant is exercisable at \$0.15 per share until July 25, 2027. The transaction resulted in a loss on settlement of \$0.6 million. The price was allocated between the unit Shares and the warrants by first assessing the fair value of the Warrants and then allocating the residual to the Unit Shares. The fair value of each warrant was estimated using the Black-Scholes option pricing model with assumptions as follows:

Risk-free interest rate	3.0%
Expected life (years)	2
Expected volatility	91%
Share price at issuance date	\$0.06
Exercise price of warrants	\$0.15
Expected dividends	Nil
Fair value of warrants granted (\$/warrant)	\$0.016

Cielo Waste Solutions Corp.
Notes to Condensed Consolidated Interim Financial Statement
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On July 25, 2025, the Company issued 5,832,178 common shares of the Company to certain directors and/or officers of the Company at a per share price of \$0.05 resulting in a loss on settlement of \$0.06 million and settlement of \$0.20 million of debt.

On January 28, 2025, the Company issued 81,237 common shares of the Company at \$0.31 per share to settle 0.03 million in trade payables. The Company entered into agreements setting out the shares for debt terms on April 26, 2024 resulting in a gain of \$0.02 million.

On June 11, 2024, the Company issued 6,440,677 common shares of the Company at \$0.295 per share in exchange for the settlement of \$1.9 million of outstanding debt owing to Renewable U Energy Inc. related to project liabilities. The transaction was recorded at \$0.275 per share (trading value on date of issue). Gain on settlement of debt was recorded in the period ended July 31, 2024 of \$0.1 million.

Private Placement Offering of Units

On August 15, 2025 the Company issued 4,700,000 units were issued for gross proceeds of \$235,000. Each unit comprised of one common share and one share purchase warrant, at a price per unit of \$0.05 subject to a statutory hold period expiring on December 16, 2025. No finder fees were paid in connection with the Second Tranche.

The offering price was allocated between the unit shares and the Warrants by first assessing the fair value of the Warrants and then allocating the residual to the unit shares. The fair value of each warrant was estimated using the Black-Scholes option pricing model with assumptions as follows:

Risk-free interest rate	3.0%
Expected life (years)	2
Expected volatility	91%
Share price at issuance date	\$0.06
Exercise price of warrants	\$0.07
Expected dividends	Nil
Fair value of warrants granted (\$/warrant)	\$0.031

On July 25, 2025, the Company issued 17,725,000 units, each unit comprised of one common share and one share purchase warrant, at a price per unit of \$0.05, under a private placement offering for gross proceeds of \$0.09 million. Each share purchase warrant is exercisable at \$0.07 per share until July 25, 2027.

The offering price was allocated between the unit shares and the Warrants by first assessing the fair value of the Warrants and then allocating the residual to the unit shares. The fair value of each warrant was estimated using the Black-Scholes option pricing model with assumptions as follows:

Risk-free interest rate	3.0%
Expected life (years)	2
Expected volatility	91%
Share price at issuance date	\$0.06
Exercise price of warrants	\$0.07
Expected dividends	Nil
Fair value of warrants granted (\$/warrant)	\$0.027

Licensed Technology Acquisition

On November 9, 2023, the Company issued 60,431,714 common shares of the Company under the terms of an asset purchase agreement with Expander (Note 7), representing 85% of the aggregate common shares to be issued to Expander under the transaction. On December 10, 2024, the Company issued the remaining 9,064,757 common shares upon the expiration of an indemnification period under the terms of the agreement. The shares were accounted for as a liability until issuance. The common shares that were issued on closing were subject to a statutory hold period of four months and one day, which expired on March 10, 2024. The common shares that were issued on December 10, 2024 were subject to a statutory hold period of four months and one day, which expired on April 11, 2025.

Cielo Waste Solutions Corp.
Notes to Condensed Consolidated Interim Financial Statement
For the Three Months and Six Months Ended October 31, 2025 and 2024 and the Year Ended April 30, 2025
All amounts Canadian \$000's, except share and per share amounts

Share Cancellation

Under the terms of the Amended Settlement Agreement with Expander (Notes 7), 39,950,761 common shares were cancelled during the three months ended October 31, 2025. The cancellation of 39,750,761 common shares resulted in a reduction of stated capital of \$30 million, which has been reflected in the statement of changes in equity.

Warrants

The following share purchase warrants were issued and outstanding on October 31, 2025:

	Number of Warrants	Weighted average exercise price	Reserve amount
Balance April 30, 2025	19,395,127	1.14	\$ 7,957,679
Issued with Private Placement	22,425,000	0.07	\$ 403,114
Issued with Debt Conversion	33,523,133	0.15	\$536,905
Warrant Exercise	(1,866)	1.35	-
Balance October 31, 2025	75,341,394	0.38	\$ 8,897,698

The following share purchase warrants were issued and outstanding on October 31, 2025:

Exercise Price	Number of Outstanding and Exercisable	Weighted Remaining life (Years)	Weighted average exercise price
\$1.875	4,285,714	0.80	\$1.875
\$1.350	9,261,534	2.17	\$1.350
\$1.050	489,639	3.41	\$1.050
\$0.700	1,405,250	1.83	\$0.700
\$0.700	3,700,000	1.89	\$0.700
\$0.700	225,000	1.06	\$0.700
\$0.15	33,523,133	1.94	\$0.15
\$0.07	22,451,000	1.95	\$0.07

Stock Options

The Company amended its stock option plan (the "Stock Option Plan") effective June 18, 2021. Shareholders voted in favour of the plan at the Annual General and Special Meeting held on October 21, 2021. Under the Stock Option Plan, a maximum of 10% of the Company's issued and outstanding shares as at the date of grant may be granted (excluding any outstanding options). Under the Stock Option Plan, the Company may grant options to its directors, officers, employees, and consultants. The Stock Option Plan replaced the Company's previous stock option plan (the "Predecessor Stock Option Plan").

The Company's Board of Directors approved the further amendment of the Company's stock option plan (the "2022 Amended Stock Option Plan") on September 15, 2022, subject to the approval of the TSXV and the Company's shareholders. Shareholders voted in favour of the plan at the Annual General Meeting held on October 27, 2022 and in December 2022 the Plan was approved by the TSX Venture Exchange (the "TSXV"). The amendment was primarily made to provide for certain changes made to the policies of the Exchange, including the ability to exercise options via "net exercise" or "cashless exercise" methods. As with the previous plan, under the 2022 Amended Stock Option Plan, a maximum of 10% of the Company's issued and outstanding shares as at the date of grant may be granted (excluding any outstanding options). Under the 2022 Amended Stock Option Plan, the Company may grant options to its directors, officers, employees, and consultants.

As a "rolling" stock option plan under the policies of the TSXV, the 2022 Amended Stock Option Plan is subject to the approval of the Company's shareholders every year, most recently obtained on December 18, 2025

Continuity of the Company's option plan is as follows:

Cielo Waste Solutions Corp.
Notes to Condensed Consolidated Interim Financial Statement
For the Three Months and Six Months Ended October 31, 2025 and 2024 and the Year Ended April 30, 2025
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	Number	Weighted Average exercise Price
Balance April 30, 2024	2,510,751	1.81
Issued	-	0.32
Forfeited	(27,353)	1.75
Expired	(229,794)	2.15
Balance April 30, 2025	2,253,604	1.27
Expired	(160,000)	0.30
Balance October 31, 2025	2,093,604	1.25

The following table summarizes the options outstanding and exercisable at October 31, 2025:

Exercise Price	Number Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number Exercisable
\$ 0.98	512,821	2.16	\$ 0.98	0.00
\$ 1.50	492,000	2.16	\$ 1.50	492,000
\$ 3.00	385,451	1.17	\$ 3.00	385,000
\$ 0.30	453,332	3.33	\$ 0.30	453,335
\$ 0.31	250,000	3.45	\$ 0.31	250,000
	2,093,604	2.45	\$ 1.25	1,580,779

Restricted Share Units and Deferred Share Units

The Company amended and replaced its restricted share unit plan with a non-option incentive plan (the "Non-Option Plan") effective June 18, 2021. Shareholders voted in favor of the plan at the Annual General and Special Meeting on October 21, 2021. The Non-Option Plan provides for a fixed maximum of 1,720,480 common shares to be reserved for issuance under the Non-Option Plan, being 4% of the issued and outstanding common shares of the Company as at the date the Non-Option Plan became effective. No restricted share units that had been issued under the predecessor restricted share unit plan (the "Predecessor RSU Plan") were outstanding at the time that the Non-Option Plan became effective. Under the Non-Option Plan, the Company may grant restricted share units, performance share units, deferred share units and share appreciation rights to directors, officers, employees and consultants. While the Company intends to settle RSUs by issuance of common shares upon vesting, there is a cash settlement option at the discretion of the Company.

The RSUs will vest in equal tranches on the grant date, the first and second anniversaries of the grant date, and were payable in cash or common shares, at the discretion of the Company, upon vesting. In the year ended April 30, 2023, all outstanding RSU's were forfeited.

The DSUs are payable in cash or common shares, at the discretion of the Company, upon the later of:

- (i) the holder ceasing to be a director of the Company (except for Cause, as defined in the Plans, in which case the DSUs will not vest); and
- (ii) 12 months after the holder becomes a director of the Company.

The fair value of the DSU granted during the three months ended October 31, 2025 is \$0.20 per unit. The number of DSU outstanding is detailed below:

	DSU
Balance April 30, 2023	140,000
Forfeited	-

Outstanding April 30, 2025 and October 31, 2025	140,000
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Share-based compensation

Period ended October 31	2025	2024
Stock options	58	396
Total share-based compensation	58	396

The effect of any potential exercise of warrants and stock options is excluded from the calculation of diluted loss per share for years ended April 30, 2025 and 2024 as the effect would be anti-dilutive.

6. FINANCING COSTS

Period ended October 31	2025	2024
Interest on loans	154	438
Loan accretion	73	97
Accretion of debenture liability	31	219
Accretion of lease liability	0	2
Total	258	756

7. RELATED PARTY TRANSACTIONS

During the period, Due to Related Parties comprised of management fees related to CEO and CFO consulting services \$0.5 million.

As the Company remains in a pre-revenue stage, management has elected from time to time to defer their consulting fees in whole or in part. These fees have been previously, and may continue to be, settled over time through a combination of cash payments and securities issuances (securities for debt). The purpose of the deferral is for the preservation of cash resources for research and development initiatives and general working capital.

Expander Group of Companies ("Expander")

A former director of the Company (resigned March 2025) was also a director, officer, and shareholder of Expander during the year ended April 30, 2025, (together with Expander Services Inc., and Expander Engineering Services Inc. and any partially or wholly owned subsidiary, collectively the "Expander Group" or "Expander"). Expander and the Expander Insiders also owned common shares of the Company during the year ended and as at April 30, 2025. The Company and Expander completed an asset purchase transaction in November 2023 (the "**Expander Transaction**").

In addition to the purchase of certain assets and the execution of a license agreement executed between the Company and Expander on closing in November 2023, Expander was engaged through a series of agreements, including an agency agreement to act on the Company's behalf to contract with sub-contractors; to provide management advisory services; engineering services; and project/construction management services.

During the period since the closing of the Expander Transaction on November 9, 2023, Expander provided services related to: engineering and project estimates to reach Final Investment Decision ("FID") for a proposed facility in Carseland, Alberta; project planning and preliminary evaluation of project needs for the Company's proposed Licensed Facility in Dunmore, Alberta; project planning and engineered modelling to test TCD utilizing various catalyst and prove up economic viability at the Company's facility in Aldersyde, Alberta; and technical assistance on an ad hoc basis, as required, to ensure accurate communication with key stakeholders.

In May 2024, Expander Services Inc. was engaged to provide advisory services with respect to the evaluation of the economic benefit of a potential acquisition. For the period ended April 30, 2025 the amount paid to Expander was nil. For the period ending April 30, 2024 the amount was \$1.3 million.

In April 2025, the Company entered into a settlement agreement, which was amended in July 2025 (the "Amended Settlement Agreement") with Expander and parties related to Expander setting out the terms of the unwinding of the Expander Transaction. This unwinding transaction resulted in the cancellation of 39 million shares during the period ended October 31, 2025.

8. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair Value Measurement

Financial instruments of the Company consist of cash and cash equivalents, restricted investments, accounts receivables, accounts payable and accrued liabilities, royalty payable, project liability and deferred fees, convertible debentures, other liabilities and long term loans.

There are no significant differences between the carrying amounts of the items reported on the condensed statements of financial position and their estimated fair values. The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. In determining the fair value measurement of the Company's financial instruments, the related inputs used in measuring fair value are prioritized according to the following hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable.

Level 3 – Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

As at October 31, 2025 and 2023, the Company has no financial instruments recorded at fair value on a recurring balance.

Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, including the development and monitoring of the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Management performs ongoing assessments so that all significant risks related to financial instruments are reviewed and addressed considering changes to market conditions and the Company's operating activities.

The Company is exposed to the following risks associated with its use of financial instruments:

- Liquidity risk
- Market risk
- Credit risk

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity is to ensure, to the greatest extent possible, that it will have sufficient liquidity to meet its liabilities when due.

The future cash requirements of the Company are estimated by preparing a budget annually. The budget establishes the approved activities for the upcoming year and estimates the costs associated with these activities. Actual spending relative to budgeted expenditures is monitored regularly by management.

The Company's exposure to liquidity risk is dependent on its research and development activities and associated commitments and obligations, and the raising of capital. The Company relies on external financing to support its operations. To date, the research and development activities have been funded primarily through debt, convertible debentures, and the exercise of common share purchase warrants. Management constantly monitors capital markets. There are no assurances that funds will be available to the Company when required. As at April 30, 2024, the Company's cash is not subject to any external restrictions. The Company also continuously monitors actual and projected expenditures and cash flows.

The table below presents a maturity analysis of the Company's financial liabilities on the expected cash flows from October 31, 2025 to the contractual maturity date. The amounts are equivalent to the following contractual undiscounted cashflows.

Cielo Waste Solutions Corp.
Notes to Condensed Consolidated Interim Financial Statement
For the Three Months and Six Months Ended October 31, 2025 and 2024 and the Year Ended April 30, 2025
All amounts Canadian \$000's, except share and per share amounts

Year ending April 30	2026	2027	After 2027
Accounts payable and accrued liabilities	1,570	-	-
Royalty payable	889	-	-
Convertible debenture	1,238	-	-
Other liabilities	784	-	-
Total	4,481	-	-

As at July 31, 2024, the Company had \$0.08 million cash on hand and a working capital deficit of approximately \$3.0 million. Management continues to monitor and consider different alternatives to secure adequate financing to meet the Company's longer term cash requirement for commercializing its operations and developing new facilities. See Note 3 for additional information relating to the risk of Company's ability to continue as a going concern.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's expenses or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures.

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was not exposed to fluctuating market interest rates on its debt instruments.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on transactions that are denominated in a currency other than the functional currency. As at April 30, 2024, the Company had US dollar denominated accounts payable of approximately \$nil. The Company's exposure to currency risk is not significant.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist primarily of cash. The Company manages its exposure to credit loss by holding cash on deposit with major financial institutions.

9. SUBSEQUENT EVENTS

On November 7, 2025 the Company completed a payment of \$0.8 million to Expander which included the settlement amount and related interest (Note 7).

On October 9, 2025, the Company announced a non-brokered private placement financing for gross proceeds of up to \$2,000,000 through the issuance of up to 40,000,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share of the Company and one whole Common Share purchase warrant of the Company, each Warrant entitling the holder thereof to purchase one Common Share at a price of \$0.07 per Common Share for a period of two (2) years from the date of issuance. Net proceeds of the Unit Offering are anticipated to be used for the development and early-stage engineering of the Company's proposed project known as Project Nexus, including regulatory and incentive application work, as well as general working capital purposes.

The unit offering closed on November 7, 2025. 29,325,000 units were issued for gross proceeds of \$1,466,250. The Units issued under the first Tranche are subject to a statutory hold period expiring on March 8, 2026. In connection with the offering, the Company paid aggregate cash finder's fees of \$5,500.00 and issued 40,000 finder's options. Each finder's option entitles the holder to purchase one common share at an exercise price of \$0.05 per share for a period of 24 months from the closing date of the offering.