MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE NINE-MONTH PERIOD ENDED

January 31, 2017

Notice to Reader

The following is management's discussion in respect of the results of operations and financial position of CIELO WASTE SOLUTIONS CORP. (formerly Cielo Gold Corp.) (the "Company" or "Cielo") for the nine-month period ended January 31, 2017 and should be read in conjunction with the Company's interim financial statements for the same period ("January 31, 2017 Interim Financial Statements"). The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

Forward Looking Statements

The information presented in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward–looking statements" or "forward-looking information" (collectively "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", objective", "intend", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

These forward-looking statements also include, but are not limited to, factors that may affect our ability to achieve our objectives and to successfully develop and commercialize our renewable diesel refineries.

Such forward–looking statements, including but not limited to those with respect to the price of renewable fuels, the timing and amount of estimated future economic and viability of refining projects, capital expenditures, costs and timing of refining projects, permitting timelines, title to refining projects, the timing and possible outcome of pending refining projects and other factors and events described in this MD&A involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Date of Report

The information in this report is presented as of April 3, 2017.

ABOUT CIELO

Cielo was incorporated on February 2, 2011 as a wholly-owned subsidiary of Arris Holdings Inc. ("AHI") for the purpose of mineral property acquisition and development. The Company was an exploration stage company whose principal business was the exploration and development of mining properties.

The Company spun out from AHI and became a reporting issuer after the corporate restructuring between AHI and Cielo became effective on June 9, 2011. Commencing August 3, 2011, the Company's common shares started trading on the Canadian National Stock Exchange under the Symbol CMC.

On August 23, 2013 Cielo Gold Corp. changed its name to Cielo Waste Solutions Corp. This was due to a projected change of business away from mining exploration and focusing on renewable diesel refining.

On April 15, 2014 Cielo announced that it had received approval from the Canadian Securities Exchange (the "CSE") of its fundamental change of business, which had also been approved by a majority of the shareholders of the Company.

CORPORATE OVERVIEW AND OVERALL PERFORMANCE

On March 17, 2014, the Company announced that it had taken steps in changing its business, originally a gold mining Company, to renewable diesel refining. The Board of Directors and management of the Company believes that it has/is developing the technology that allows it to quickly enter the fast and growing waste industry by refining landfill municipal and commercial waste into a high quality renewable diesel. Cielo has identified opportunities throughout the world and is poised to capitalize on these and local opportunities very quickly.

Cielo is working diligently on the renewable fuels market demands. Some of these opportunities include:

1. March 5, 2014, Cielo announced it had received a $3 million purchase order for the supply of one 200 liters per hour refinery from Ausdeer Pty Ltd in Applecross, Australia. Cielo has since negotiated the increased sale of a 700lph plant to replace this original order. The new value is $13 million. This purchase order is subject to a successful working commercial refinery. As of the date of this report, Cielo is continuing talks with Ausdeer about the first plant that could be sent to Australia.

2. April 7, 2014, Cielo announced it had signed a letter of intent with the Red Deer County, to take over their newly built $6 million waste transfer site. This letter of intent has expired but both parties are in agreement to reopen in the future.

3. May 26, 2014, Cielo announced the $13 million purchase order from the Royal St. Kitts Beach Resort. Cielo is still in ongoing discussions with the owners and the government but is holding off signing a definitive agreement until after the successful start-up of the first commercial refinery in Edmonton, Alberta.

4. June 24, 2014, Cielo announced that it had entered into an agreement for exclusive rights of its waste to fuel refining technology to New Fuel International Inc. ("NFI") of Seattle, Washington U.S.A. The agreement is effective as of June 24th, 2014. NFI shall have the exclusive right to market and produce renewable biofuel derived from industrial biomass waste streams initially in the U.S. states of California, Oregon, Washington, Hawaii and Alaska, and the Canadian provinces of British Columbia and Ontario.

New Fuel's responsibilities in the agreement will include securing the above specified biomass feedstock, triggering offtake agreements, managing operations, marketing, sales, and providing financing for the different NFI projects.

5. On August 6, 2014 Cielo announced entering into a Letter of Intent with Kazgreen SA of Switzerland with the intent for the Company to form a Joint Venture (the "JV") corporation to own and operate a waste to fuel facility in Almaty, Kazakhstan. It was intended that the equipment would be showcased at the 2017 World Expo in Astana, Kazakhstan. EXPO 2017's Future Energy theme is to promote efforts to find sustainable energy solutions to meet growing global demand. It was decided by Cielo this was too early to enter into a definitive agreement and that discussions should be delayed until the first commercial plant is operating.

Cielo has stopped taking purchase orders and is deflecting any further discussions on purchase orders and opportunities until after the successful start-up of the first commercial refinery. Cielo is very focused on moving forward towards construction and the following, which occurred during or following the nine-month period ended January 31, 2017, show some of these advancements (noting that various actions prior to such period occurred and were disclosed in previous Management's Discussion and Analysis of the Company):

1. On June 14, 2016 Cielo announced it had signed an exclusive license agreement with 1888711 Alberta Inc. (the "Licensor") to complete the development of the Company's renewable diesel technology, which uses landfill waste, tires, plastics, wood shavings and paper products to produce renewable Kerosene, highway diesel and naphtha. The Company retains the exclusive right to construct and commercialize the refineries.

2. On July 19, 2016 Cielo signed a Synthetic Diesel Purchase And Sales Agreement with Elbow River Marketing Ltd., which provides for the exclusive marketing, sale and distribution by Elbow River of all of the synthetic diesel intended to be produced by Cielo. The initial five-year term of the Agreement will begin on or about the date that Cielo's proposed commercial plant begins operating, expected to occur in 2017, and may renew in two year periods thereafter. Notwithstanding the foregoing, the parties have agreed on a drop dead commencement date for Cielo to be in production and the beginning of the Initial Term, which is December 31, 2017. Elbow River Marketing has agreed to market the synthetic diesel across North America in order to maximize the selling price of the renewable diesel. Cielo will be paid in US dollars, less the transportation costs and other marketing costs.

3. On July 26, 2016 Cielo announced that on July 19, 2016 it had signed a Synthetic Diesel Purchase and Sales Agreement with Elbow River Marketing Ltd., which provides for the exclusive marketing, sale and distribution by Elbow River of all of the synthetic diesel intended to be produced by Cielo. The initial five year term of the Agreement will begin on or about the date that Cielo's proposed commercial plant begins operating, expected to occur in 2017, and may renew in two year periods thereafter. Notwithstanding the foregoing, the parties have agreed on a drop dead commencement date for Cielo to be in production and the beginning of the Initial Term, which is December 31, 2017. Elbow River Marketing has agreed to market the synthetic diesel across North America in order to maximize the selling price of the renewable diesel. Cielo will be paid in US dollars, less the transportation costs and other marketing costs.

4. On October 27, 2016 Cielo settled debt in the aggregate of CAD $41,500.00 through the issuance of 830,000 common shares in the capital stock of Cielo, at a price of $0.05 per Common Share. The securities issued in connection with the debt settlement are subject to a statutory four month hold period.

5. On October 27, 2016 Cielo announced that it had signed a lease agreement and a purchase option agreement to lease a 50 liter per hour thermo catalytic depolymerization demonstration plant from FS Enterprises Inc. ("FS"). Cielo will have a period of 5 years, which may be extended, during which it may exercise the option to purchase the Equipment for a purchase price that will be calculated as $699,867.53 plus interest accrued at a rate of 18% per annum up to and including the purchase date. Until such time that Cielo exercises its option and purchases the Equipment, this amount will be considered secured debt owing by Cielo to FS, in respect of which Cielo has also signed a General Security Agreement in favour of FS.

6. On October 27, 2016 Cielo announced that it had signed a lease agreement (the "Lease Agreement") and a purchase option agreement (the "Purchase Option Agreement") to lease a 50 liter per hour thermo catalytic depolymerization demonstration plant (the "Equipment") from FS Enterprises Inc. ("FS"). Cielo will have a period of 5 years, which may be extended, during which it may exercise the option to purchase the Equipment for a purchase price that will be calculated as $699,867.53 plus interest accrued at a rate of 18% per annum up to and including the purchase date. Until such time that Cielo exercises its option and purchases the Equipment, this amount will be considered secured debt owing by Cielo to FS, in respect of which Cielo has also signed a General Security Agreement in favour of FS.

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8. On November 16, 2016 the Company announced that it had signed a Commercial Purchase Agreement with XR Resources Inc. to purchase a property located in High River, Alberta, on which there is an existing bio-diesel refinery. This multi-feedstock processing plant was built in 2009 for an approximate capex cost of $10.2 million and was capable of producing 16 million liters/year of bio-diesel. The aggregate purchase price is $2,300,000, consisting of both share and cash consideration. The initial installment of the Purchase Price, to be paid by Cielo to XR in consideration for the rights granted in the Agreement, will be paid in the form of 5,000,000 common shares in capital stock of Cielo at a price of $0.06 per share, which Shares are being held in trust by legal counsel until the transaction is completed. The balance of the Purchase Price consists of a cash payment of $2,000,000, to be paid upon satisfaction of the Conditions (see below), along with the release of the Shares to XR. The purchase of the Property and the Refinery is subject to certain conditions (the "Conditions"), including a financing condition, Cielo's ability to acquire required permits, and due diligence being completed by Cielo to its satisfaction on or before February 7, 2017. Once the Conditions have been fulfilled or waived, and the Purchase Price paid, Cielo will acquire all right, title and interest in and to the Property and the Refinery. The anticipated closing date was February 28, 2017, however on March 30, the Company sought and received an extension for closing to April 14, 2017, subject to further extension as may be agreed by the relevant parties, as it continues to make arrangements for the purposes of financing the purchase.

9. On November 22, 2016 the Company announced that it had awarded the construction contracts for the retrofitting and completion of its planned purchase of a property (the "Property") housing a renewable diesel refinery (the "Refinery"), previously announced on November 16, 2016 located near High River, Alberta.

10. On March 20, 2017 Cielo announced the closing of the purchase of the Assets (as defined in this paragraph) pursuant to an Asset Purchase Agreement with XR Resources Inc. ("XR"), which was initially announced on February 17, 2017. The "Assets" consist of a Case W20C front wheel loader and all of the associated complete bio-diesel analytic laboratory, equipment (gas chromatograph, Karl Fisher, automated Tiltrotor, flash point, etc.) and supplies. In consideration for the Assets, Cielo has paid to XR 2,036,364 free-trading common shares of Cielo (the "Payment Shares"), which it received as loaned securities from Don Allan, President and CEO of Cielo. Mr. Allan has entered into a securities lending agreement (the "Share Loan Agreement") with Cielo, whereby Mr. Allan has lent the Payment Shares to Cielo, which were paid to XR, and Cielo has issued 2,036,364 common shares (the "Repayment Shares") to Mr. Allan as repayment of the Payment Shares, which are subject to a four-month hold period. The Payment Shares and the Repayment Shares have a deemed value of $0.055 per share pursuant to the Share Loan Agreement, for an aggregate value of $112,000.02 being paid for the Assets by Cielo.

11. Also on March 20, 2017, then updated on March 31, 2017, Cielo also announced that the Company had entered into exclusive negotiations with one or more arm's length third party(s) (the "Strategic Funder(s)") pursuant to which the Strategic Funder(s) would fund 100% of the costs associated with the construction of the first 6 refineries producing high grade renewable diesel fuel in Alberta, including the purchase of the property and development of the existing bio-diesel refinery on the property in High River, Alberta, previously announced on November 16, 2016. Pending finalization of definitive terms with the Strategic Funder(s), Cielo has agreed to suspend securing participation into the private placement offering of $7 million announced on November 29th, 2016.

12. Cielo continues to work diligently with 1888711 Alberta Inc. ("1888711") pursuant to its License Agreement with 1888711, and other consultants to begin construction of the first commercial refinery. 1888711 are working on 10 engineering steps to complete development and allow Cielo to be able to commercialize the technology:

    Step 1 – Feedstock Characterization Study. This step while it was completed in September, 2015, continues to be updated as new potential feedstocks are brought forward as possibilities for the refineries. Cielo is also working with potential vendors on upfront preparation of the feedstock.

    Step 2 – Validation of the process and proforma by third party engineers. This step has been concluded as of November, 2015, but like step 1, it continues to be updated as new information is brought to our attention.

    Step 3 – Carbon Capture Study. This is a detailed third party review of the carbon credits that Cielo will be able to recognize as a revenue stream. This study is complete using the existing feedstock options. If there is any change to the feedstock, this report will need to be updated.

    Step 4 – A full and detailed study on the catalyst development. This is a very in-depth study of how the catalyst reacts and preforms with a varying of individual feedstock or as they are combined. At the time of this report, we are approximately 77% complete, as compared to being 75% complete as at the time of the most recent Management Discussion and Analysis Report, filed on December 27, 2016

    Step 5 – Preparing a process design package. The engineering team has completed this step.

    Step 6 – Patent Reviews. In August 2014 Cielo hired a patent lawyer to review patents throughout the world and found no patents were similar at that time to the process that Cielo had developed. Cielo believes that the technology that 1888711 has developed is game changing as they believe there is no company in the world capable of converting diesel from waste on a commercial scale. Cielo intends to hire a patent lawyer to update this review in 2017.

Step 7 – Filing of patents. Once the patent review is completed it is the intent of 1888771 (the licensor of Cielo's assets) to file for USA and Canadian process patents.

Step 8 – Developing Capital Estimates. This step has begun and will continue throughout the design engineering in Step 10.

Step 9 – Filing of permits and applications. This work has now begun for the site for the first commercial refinery. There is much work to be done before these can be filed. It is Cielo's intent to have these filed in mid-2017.

Step 10 – Developing of construction drawings. The construction PFD drawings are now complete and the PID drawings are approximately 90% complete. These drawings were for the Edmonton location and as Cielo announced on November 16, 2016 the possible retrofit of an idle bio-diesel refinery, these will need updating and modifications so that Cielo can take advantage of the existing infrastructure.

At the time of this MD&A report, the best guess at completion of all 10 steps is mid-2017. When the engineering schedule was first put together, we expected to have this completed by January, 2016. As the testing was being completed, significant new information came forward from the engineering team, that we believed relevant to the successful start-up of the first refinery, filing of the patents, process design, catalyst development and to the capex of the construction. Therefore, more detailed work was approved and the schedule reworked. At the time of the most recently filed Management Discussion and Analysis Report (filed on December 27, 2016), management anticipated having all 10 steps completed by May 2017, though due to inadvertence management included a date of December 2016 as the anticipated completion date. While searching for vendors for some critical pieces of equipment, management and the engineering team have been making changes to the process design, which has been slowing down the final construction drawings. Management believes that the more off the shelf components can be implemented in the design and the utilization of existing infrastructure at the idle refinery, the more likely it is that the Company will reduce the startup risks. Further, many of these components will then come with warranties and support.

Going concern

Renewable fuels are becoming big policy and big business as countries around the world look to decrease petroleum dependence and reduce greenhouse gas (GHG) emissions in the transportation sector. After more than a decade of healthy growth for conventional renewable fuels like ethanol and biodiesel, the next wave of advanced renewable fuels is currently on the cusp of commercial scale-up. Renewable fuels have already helped the world achieve a tangible reduction in emissions as global CO2 emissions are forecast to rise by as much as 50 per cent over the next 25 years.

The success of the Company is largely dependent upon factors beyond its control. These factors raise substantial doubt about the Company's ability to continue as a going-concern.

Management is actively monitoring the operations to ensure the Company has adequate liquidity and capital to meet its obligations and long term business objectives. The Company has a history of raising funding through equity and convertible debt financing when needed. However, there is no guarantee the Company can do so in the future. Management is working with vendors for financing their components for constructing the first commercial refinery. There are numerous federal and provincial grants that are continuing to be applied for. Management has also had discussions with brokerage houses on potential fund raising and reviewing different structures for the financing of the refinery.

On April 28, 2016 Cielo announced a non-brokered private placement offering (the "1mm Offering") of up to CAD $1,000,000 in secured convertible debentures (the "1mm Debentures"), with a minimum subscription of $10,000 per subscriber, the debentures maturing three (3) years from the date of issuance, carrying an interest rate of 15% per annum, and being convertible at the option of the holder at a price of $0.10 per common share of Cielo. On June 30, 2016 Cielo announced the closing of the first tranche of $20,000 towards this non-brokered private placement. Cielo found it difficult to gain interest in this offering over the summer months now with the recent announcement on November 16, 2016 it became apparent to Cielo that a new and revised private placement would be required. Therefore, on November 29, 2016, Cielo announced a non-brokered private placement offering (the "7mm Offering") of up to CAD $7,000,000 in debentures (the "7mm Debentures"). The 7mm Debentures would bear an interest rate of 12% per annum and mature in 36 months from the date of issuance. Each subscribed dollar would also result in the issuance of one full warrant, for an aggregate issuance of up to 7,000,000 warrants (each a "Warrant"), each Warrant allowing the holder to purchase a common share at $0.25 per share within 24 months, unless the stock trades above $0.50 for 5 consecutive days, in which event the Company will be entitled to provide 30 days' notice, after which the Warrants will expire if not exercised. The Company would also be issuing to the holders of 7mm Debentures a participation interest to receive an aggregate of up to 33.33% (the "Aggregate Participation Percentage") of the profits from the first commercial refinery (the "New Refinery") to built by the Company for the life of the New Refinery. In the event Cielo repays in full the entire amount owed pursuant to the 7mm Debentures plus outstanding interest within 24 months, the Aggregate Participation Percentage would be reduced to 20% of the profits from the New Refinery for the life of the New Refinery. The 7mm Debentures would be secured by General Security Agreements, subject to up $1,360,000 in prior security interests, including those secured pursuant to the 1mm Offering (gross proceeds of $610,000).

On February 17, 2017 the Company announced the closing of the second tranche of the 1mm Offering, receiving CAD $110,000 from the second tranche. While management of Cielo had hoped that this Offering would be closed by May 31, 2016, Cielo decided to extend the closing date to March 31, 2017.

On March 31, 2017, the Company announced the closing of the third and final tranche of the 1mm Offering for a total gross proceeds of $610,000 from the 1mm Offering. In connection with the third tranche of the 1mm Offering, the Company paid $23,200 in cash commissions and issued 232,000 finder's warrants (the "Finders' Warrants"). The Finders' Warrants will be exercisable into common shares for a period of two years at an exercise price of $0.10 per common share. The proceeds of the 1mm Offering (the "Proceeds") will be used to further develop the Company's proprietary renewable diesel fuel technology as well as towards the retrofitting of the idle bio-diesel plant in Aldersyde (High River), Alberta and the purchase of the property on which it's situation (the "High River Property"), previously announced on November 16, 2016.

Cielo's intent is to commission this idle bio- diesel plant (the "High River Refinery") with the Company's proprietary technology. The Company had initially anticipated to purchase the High River Refinery and the High River Property on or before February 28, 2017 but has received an extension from the vendor. In addition, the Proceeds will be used for general working capital purposes. Due to the recent increase in market price of Cielo's common shares, the Company did not extend the 1mm Offering.

Further, pending finalization of definitive terms with the Strategic Funder(s) (described in this section above), Cielo has suspended securing participation into the private placement offering of $7 million in convertible debentures announced on November 29th, 2016.

Asset Acquisition related to Change of Business

On January 17, 2013, the Company entered into an interim agreement ("BHBD Interim Agreement") with Blue Horizon Bio-Diesel Inc. ("BHBD"), whereby Cielo intended to purchase certain assets in respect of BHBD's renewable-diesel processing and refinery assets (the "BHBD Assets"). The purchase price was $4,250,000 plus the assumption of certain liabilities in respect of the BHBD Assets. On June 4, 2013 Cielo amended the BHBD Interim Agreement and announced that, pursuant to the Initial Agreement, it would acquire all such assets of from BHBD for $4.5 million CAD. At the time of entry into the BHBD Interim Agreement, neither party had any directors or officers in common and the transaction was arm's length.

July 18, 2014 the Company announced the execution of the asset purchase agreement (the "Agreement") relating to the previously announced proposed acquisition of intellectual property assets from Blue Horizon Bio-Diesel Inc. ("BHBD"). The purchase agreement allowed the Company to acquire the assets, mainly the including all right, title and interest in and to the intellectual property in the new technology (the "Assets") for use in its business. The intellectual property included engineering reports, laboratory results, technology studies, business plans, financials projections, contacts and certain all other working documents accumulated over the life of BHBD. The final agreed purchase price was $5.25 million and the total cost of the acquisition was to be paid for through the issuance of a total of 21 million common shares at deemed valued of $0.25 per share and the assumption of some liabilities of BHBD associated with the Assets. A total of three instalments of 3 million shares were already transferred to BHBD pursuant to the initial interim agreements at total fair value of $620,000. The remaining 18 million shares were issued through a onetime stock issuance on July 18, 2014. On this date, the fair value of the shares was $0.17 per share, reducing the total fair value of shares issued for the acquisition to be at $3,680,000. Pursuant to the Agreement, the Company has also assumed certain liabilities of BHBD equal to $1,500,933.30. The purchase price was increased as a result of the inclusion of the Alberta Bio-Diesel Producer Credit Program

At the time of the amendment of the BHBD Interim Agreement, Mr. Don Allan, Mr. Robin Ray, and Mr. Doug Lewis were all directors of both parties to the transaction, with Mr. Don Allan also being President and CEO of both parties and Mr. Robin Ray being CFO of both parties. At the time of entry into the Agreement, Mr. Doug Lewis had resigned from the board of directors of BHI (BHBD's parent corporation" but Mr. Don Allan and Mr. Robin Ray continued to hold their positions in both companies that were party to the Agreement, noting that the terms of the Agreement were substantially determined during the first Interim Agreement.

At the year ended April 30, 2015, the Company determined that the intellectual property has been impaired and the value has been written down to $1.00.

RESULTS OF OPERATIONS

Nine Months Ended January 31, 2017 ("2017 Nine Months Interim")

Loss for the nine-month period ended January 31, 2017 was ($224,235) (2016 – loss of $575,511). The loss was mainly the combined result of incurring operating expenditures of $108,430 in professional fees (2016 - $414,521), $19,715 in trust and filing fees (2016 - $28,630), and $82,025 for office administration (2016 - $71,810). $2400 was expended in consulting fees (2016 - $60,550).

The main component of the office and administration expenditure of $82,025 was rent charged for its office, advertising and payroll. 1888711 moved its offices to the warehouse that Cielo occupies as of April 2015. As a result of this and sharing of office expenses with 1888711 Alberta Inc., a company related by common directors and officers (Don Allan, Mel Angeltvedt and Robin Ray), the rent and administrative operating expenditures are lower for the nine month period ended January 31, 2017 compared to those for the same period of 2016. It is the Company's intention to continue to curtail expenses to preserve cash until the Company is able to obtain further financing to finance its long term business objectives.

On January 31 2017 the Company's main assets and liabilities were:

Cash - $39,402 comparing to $964 at Jan31, 2016;
Prepaid expenses - $5,633 (2016 - $4950);
Deposit on Facility- $300,000 (2016- NIL)
Accounts payable and accrued liabilities - $420,384 (2016 - $525,246);
Due to Shareholder $401,292 - (2016 – $391,520)
Due to Affiliated companies $420,510 (2016- $382,342)

QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly information that has been derived from the audited financial statements and unaudited financial statements of Cielo. This summary should be read in conjunction with audited financial statements of Cielo as well as the unaudited interim financial statements of Cielo as contained in the public record.

Quarterly Financial Information	Jan 31 2017	Oct 31 2016	July 31 2016	Apr 30 2016	Jan 31 2016	Oct 31 2015	July 31 2015	Apr 30 2015	Jan 31 2015
Operating data:	$	$	$	$	$	$	$	$	$
Total revenue	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Operating Expenses	62,137	38,137	123,961	46,519	105,510	314,606	151,234	382,434	202,423

Net Earnings (loss)	(62,137)	(38,137)	(123,961)	379,605*	(105,510)	(314,606)	(151,234)	(382,434)	(202,423)

*Gain on debt Settlement

Balance Sheet Data:

Total assets	1,079,725	759,209	18,958	24,063	22,111	22,111	41,775	55,240	5,510,123
Total current liabilities	2,644,163	2,331,838	1,496,661	1,448,593	1,523,469	3,455,654	3,128,252,	3,142,433	1,635,764

Explanation of Quarterly Variances.

Loss for the three-month period ended January 31, 2017 was ($62,137) (2016 – loss of $44,403). The loss was mainly the combined result of incurring operating expenditures of $8,287 in professional fees (2016 - $16,761), $8,264 in trust and filing fees (2016 - $12,210), and $31,522 for office administration (2016 - $15,072). $2400 was expended in consulting fees (2016 - $NIL).

Revenue for the nine months ending January 2017 was $NIL, compared to $NIL for the nine months ended January 31, 2016. The company is not currently generating revenue until the first commercial refinery is built.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2017, the Company had $39,402 cash, and working capital deficit of $2,047,605. The Company is not subject to external working capital requirements unless otherwise indicated here.

The Company is required to pay $9,135.50 for the 2.09 acres per month to Symmetry Asset Management Inc. ("Symmetry") It was initially agreed that his would begin no later than October 31, 2016, however Symmetry is working with the Company to extend this for a period of 12 months pending construction of the first commercial refinery.

The Company continues to explore various financing options and opportunities to assist with capitalizing its business, as set out below, however many of the costs and commitments that would have had to have been met by the Company are being funded by 1888711 Alberta Inc. ("1888") under the terms of the license agreement between the Company and 1888711, announced on June 15, 2016.

During the nine months ended January 31, 2017 the Company settled $41,500 in debt through the issuance of common shares, which are subject to a four month hold period under applicable securities laws.

On April 28, 2016 Cielo announced a non-brokered private placement offering (the "1mm Offering") of up to CAD $1,000,000 in secured convertible debentures (the "1mm Debentures"), with a minimum subscription of $10,000 per subscriber, the debentures maturing three (3) years from the date of issuance, carrying an interest rate of 15% per annum, and being convertible at the option of the holder at a price of $0.10 per common share of Cielo. On June 30, 2016 Cielo announced the closing of the first tranche of $20,000 towards this non-brokered private placement. Cielo found it difficult to gain interest in this offering over the summer months now with the recent announcement on November 16, 2016 it became apparent to

Cielo that a new and revised private placement would be required. Therefore, on November 29, 2016, Cielo announced a non-brokered private placement offering (the "7mm Offering") of up to CAD $7,000,000 in debentures (the "7mm Debentures"). The 7mm Debentures would bear an interest rate of 12% per annum and mature in 36 months from the date of issuance. Each subscribed dollar would also result in the issuance of one full warrant, for an aggregate issuance of up to 7,000,000 warrants (each a "Warrant"), each Warrant allowing the holder to purchase a common share at $0.25 per share within 24 months, unless the stock trades above $0.50 for 5 consecutive days, in which event the Company will be entitled to provide 30 days' notice, after which the Warrants will expire if not exercised. The Company would also be issuing to the holders of 7mm Debentures a participation interest to receive an aggregate of up to 33.33% (the "Aggregate Participation Percentage") of the profits from the first commercial refinery (the "New Refinery") to built by the Company for the life of the New Refinery. In the event Cielo repays in full the entire amount owed pursuant to the 7mm Debentures plus outstanding interest within 24 months, the Aggregate Participation Percentage would be reduced to 20% of the profits from the New Refinery for the life of the New Refinery. The 7mm Debentures would be secured by General Security Agreements, subject to up $1,360,000 in prior security interests, including those secured pursuant to the 1mm Offering (gross proceeds of $610,000).

On February 17, 2017 the Company announced the closing of the second tranche of the 1mm Offering, receiving CAD $110,000 from the second tranche. While management of Cielo had hoped that this Offering would be closed by May 31, 2016, Cielo decided to extend the closing date to March 31, 2017.

On March 31, 2017, the Company announced the closing of the third and final tranche of the 1mm Offering for a total gross proceeds of $610,000 from the 1mm Offering. In connection with the third tranche of the 1mm Offering, the Company paid $23,200 in cash commissions and issued 232,000 finder's warrants (the "Finders' Warrants"). The Finders' Warrants will be exercisable into common shares for a period of two years at an exercise price of $0.10 per common share. The proceeds of the 1mm Offering (the "Proceeds") will be used to further develop the Company's proprietary renewable diesel fuel technology as well as towards the retrofitting of the idle bio-diesel plant in Aldersyde (High River), Alberta and the purchase of the property on which it's situation (the "High River Property"), previously announced on November 16, 2016. Cielo's intent is to commission this idle bio- diesel plant (the "High River Refinery") with the Company's proprietary technology. The Company had initially anticipated to purchase the High River Refinery and the High River Property on or before February 28, 2017 but has received an extension from the vendor. In addition, the Proceeds will be used for general working capital purposes. Due to the recent increase in market price of Cielo's common shares, the Company did not extend the 1mm Offering.

Also on March 20, 2017, then updated on March 31, 2017, Cielo also announced that the Company had entered into exclusive negotiations with one or more arm's length third party(s) (the "Strategic Funder(s)") pursuant to which the Strategic Funder(s) would fund 100% of the costs associated with the construction of the first 6 refineries producing high grade renewable diesel fuel in Alberta, including the purchase of the property and development of the existing bio-diesel refinery on the property in High River, Alberta, previously announced on November 16, 2016. Pending finalization of definitive terms with the Strategic Funder(s), Cielo has agreed to suspend securing participation into the private placement offering of $7 million announced on November 29th, 2016.

Further, pending finalization of definitive terms with the Strategic Funder(s) (described in this section above), Cielo has suspended securing participation into the private placement offering of $7 million in convertible debentures announced on November 29th, 2016.

The Company is also in the continual process of reviewing and applying for federal and provincial grants, any or all of which would allow the Company to fund its activities, including hiring of engineering personnel, lab testing and construction.

Use of funds:

October 27, 2016	Shares for debt issue 830,000	$41,500.00	To be used towards the reduction of indebtedness	There was no variance in our intended use; all funds received were used to pay debt.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CONTINGENCIES / LEGAL PROCEEDINGS

The Company does not have any legal proceedings

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been recorded at their exchange amounts, being the amounts agreed to and by the related parties. Details are available in the Note 8 and Note 13 to the January 31, 2017 Interim Financial Statements.

OUTSTANDING SHARE DATA

As of January 31, 2017 the Company has 99,369,224 common shares following the issuance of 5,000,000 common shares to XR Resources Inc. ("XR") pursuant the Commercial Purchase Agreement announced on November 16, 2016 to purchase a property located in High River, Alberta, on which there is an existing bio-diesel refinery. These shares continue to be held in trust pending completion of the purchase. The anticipated closing date was February 28, 2017, however on March 30, the Company sought and received an extension for closing to April 14, 2017, subject to further extension as may be agreed by the relevant parties, as it continues to make arrangements for the purposes of financing the purchase.

As at the end of the year ending April 30, 2016, there were 91,849,224 common shares issued and outstanding and 94,369,224 as at October 31, 2016.

Nil share purchase warrants were exercised during the nine-month period ending January 31, 2017.

As of the date of this MD&A, the Company has 215,666 share purchase warrants, 5,780,000 stock options, and $860,000 in convertible debentures issued and outstanding. If all of the foregoing were to be converted or exercised, there would be an additional 14,595,666 common shares issued and outstanding.

Nil share purchase warrants were exercised during the three month period ending January 31, 2017.

CRITICAL ACCOUNTING ESTIMATES

This item does not apply; the Company is a venture issuer.

CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Details are available in the 2016 year-end financial statements, which are available at www.sedar.com.

FINANCIAL INSTRUMENTS

Refer to Note 13 to the Company's financial statements for the period ended January 31, 2017.

RISK FACTORS

Risks of the Company's business include the following:

No History of Revenues or Dividends

Cielo has no history of earnings, and there is no assurance that the property, or any other future property that may be acquired by Cielo, will generate earnings, operate profitably, or provide a return on investment in the future. Cielo has no plans to pay dividends in the foreseeable future.

Reliance on Management's Expertise

Cielo strongly depends on the business acumen and investing expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Issuer. Cielo does not have any key person insurance in place for management.

Renewable Diesel Fuel Industry

The US, Canadian and most European governments require a minimum of 2% - 10% of diesel fuels to be comprised of renewable diesel. In Canada it is 2% minimum by the federal government and in most provinces and additional 2%, with Manitoba and Saskatchewan increasing their requirement to 4% minimum blend. In USA it is 2-5% depending on State, California is looking to increase to 10%. In Europe it is 5% for automotive and 10% for airlines.

- 2015 bio-diesel requirements for Western Canada were 653 million litres.
- 2011 bio-diesel production in Western Canada was reported to be 42-Million litres
- The remaining 95% had to be imported from abroad

The development of a renewable fuel refinery involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the renewable fuel production may result in substantial rewards, few renewable fuel refineries are developed into profitable businesses without significant help from government subsidies. Major expenses may be required to establish the refinery business. It is impossible to ensure that the current business plan by the Company will result in a profitable commercial refining operation.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Renewable fuel refining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the feedstock, process design, the fluctuation of fuel prices and possible damage to, or destruction of the producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, refining operations are subject to hazards such as equipment failure and fuel storage areas, which may result in environmental pollution and consequent liability.

The Company's refining activities are directed towards the search, evaluation and development of feedstock and its ability to convert it into renewable fuel. There is no certainty that the refinery as described herein will result in production of commercial quantities of renewable fuel. There is competition within the renewable fuel industry which is considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production.

Commodity Prices

The profitability of the Company's operations is significantly affected by changes in the market price of various renewable fuels. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, cash flow from operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated production of fuel will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of renewable fuels, may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feed stock costs or drop in renewable fuel prices, could cause the refining operation to be unprofitable in any particular accounting period.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended January 31, 2017, there has been no significant change in the Company's internal control over financial reporting since the previous period. On October 27, 2016 Cielo announced the resignation of Jason Christensen and the appointment of Shannon Wyzykoski as Chief Financial Officer. Ms. Wyzykoski is a Chartered Professional Accountant with over 20 years' experience. Her expertise is providing dynamic companies with solid strategic advice, reporting, controls and systems, which she will continue to do in her role as CFO for Cielo.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

DIRECTORS AND OFFICERS

Don Allan	Director, CEO, President
Robin Ray	Director
Doug MacKenzie	Director
Chris Dovbniak	Director
Mel Angeltvedt	Director
Shannon Wyzykoski	CFO

SUBSEQUENT EVENTS

1. On February 17, 2017 the Company announced the closing of the second tranche of its non-brokered private placement offering (the "1mm Offering") of up to CAD $1,000,000 in secured convertible debentures (the "Debentures"), as initially announced on April 28th, 2016, followed by the announcement of the first closing on June 30, 2016. The company announced that it had received CAD $110,000 from this second tranche. The Debentures bear an interest rate of 15% per annum, mature 36 months from the date of issuance and are convertible at the option of the debenture holder at any time before maturity at an exercise price of $0.10 per common share. The proceeds of the 1mm Offering will be used toward the further development of the renewable diesel technology as well as to purchase the Property and Refinery defined in Note 16 for the purpose of constructing the first commercial renewable diesel refinery, as well as for general expenses. Securities issued in connection with the 1mm Offering are subject to a statutory four month hold period. While management of Cielo had initially hoped that this 1mm Offering would be closed by May 31, 2016, Cielo decided to extend the closing date to March 31, 2017. The third tranche of this offering was

completed on March 31, 2017, as announced, and, due to the recent increase in market price, the Company did not extend the offering for a fourth and final tranche. The gross total proceeds over three tranches was $610,000.

2. The Company announced on February 17, 2017, that it had entered into an Asset Purchase Agreement with XR Resources Inc. ("XR"). In consideration for the Assets, Cielo agreed to pay to XR 2,036,364 free-trading common shares of Cielo which it would receive as loaned securities from Don Allan, President and CEO. Mr. Allan has entered into a securities lending agreement with Cielo, whereby Mr. Allan lent 2,036,364 free-trading common shares (the "Payment Shares") to Cielo, which would in turn be paid to XR, and Cielo will immediately issue 2,036,364 common shares (the "Repayment Shares") to Mr. Allan, which would be subject to a four-month hold period. The Payment Shares and the Repayment Shares have a deemed value of $0.055 per shares, for an aggregate value of $112,000.02 being paid for the Assets by Cielo. The completion of the transaction was announced on March 20, 2017 (see below).

3. On March 20, 2017 Cielo announced the closing of the purchase of the Assets with XR Resources Inc. ("XR"), which was initially announced on February 17, 2017. The "Assets" consist of a Case W20C front wheel loader and all of the associated complete bio-diesel analytic laboratory, equipment (gas chromatograph, Karl Fisher, automated Tiltrotor, flash point, etc.) and supplies. In consideration for the Assets, Cielo paid to XR 2,036,364 free-trading common shares of Cielo (the "Payment Shares"), which it received as loaned securities from Don Allan, President and CEO of Cielo. Mr. Allan has entered into a securities lending agreement (the "Share Loan Agreement") with Cielo, whereby Mr. Allan has lent the Payment Shares to Cielo, which were paid to XR, and Cielo issued 2,036,364 common shares (the "Repayment Shares") to Mr. Allan as repayment of the Payment Shares, which are subject to a four-month hold period. The Payment Shares and the Repayment Shares have a deemed value of $0.055 per share pursuant to the Share Loan Agreement, for an aggregate value of $112,000.02 being paid for the Assets by Cielo.

   Cielo also announced that the Company had entered into exclusive negotiations with an arms-length third party (the "Strategic Funder") pursuant to which the Strategic Funder would fund 100% of the costs associated with the construction of the first 6 refineries producing high grade renewable diesel fuel in Alberta, including the purchase of the property and development of the existing bio-diesel refinery on the property in High River, Alberta, previously announced on November 16, 2016. Pending finalization of definitive terms with the Strategic Funder, Cielo has agreed to suspend securing participation into the private placement offering of $7 million announced on November 29th, 2016.

4. On March 31, 2017, the Company announced the closing of the third and final tranche of the 1mm Offering. It announced that it had received CAD $480,000 from the third tranche for aggregate gross proceeds equal to $610,000 from the 1mm Offering. The Debentures bear an interest rate of 15% per annum, mature 36 months from the date of issuance and are convertible at the option of the debenture holder at any time before maturity at an exercise price of $0.10 per common share

   In connection with the third tranche of the 1mm Offering, the Company paid $23,200 in cash commissions and issued 232,000 finder's warrants (the "Finders' Warrants"). The Finders' Warrants will be exercisable into common shares for a period of two years at an exercise price of $0.10 per common share. The proceeds of the 1mm Offering (the "Proceeds") will be used to further develop the Company's proprietary renewable diesel fuel technology as well as towards the retrofitting of the idle bio-diesel plant in Aldersyde (High River), Alberta and the purchase of the property on which it's situation (the "High River Property"), previously announced on November 16, 2016. Cielo's intent is to commission this idle bio- diesel plant (the "High River Refinery") with the Company's proprietary technology. The Company had initially anticipated to purchase the High River Refinery and the High River Property on or before February 28, 2017 but has received an extension from the vendor. In addition, the Proceeds will be used for general working capital purposes.

The Company also announced that it is in continued negotiations with arms-length third parties (the "Strategic Funders"), pursuant to which the Strategic Funders would fund 100% of the costs associated with the construction of the first 6 refineries producing high grade renewable diesel fuel in Alberta, including the purchase of the High River Property and the High River Refinery. Pending finalization of definitive terms with the Strategic Funders, Cielo has suspended securing participation into the private placement offering of $7 million in convertible debentures announced on November 29th, 2016.

ADDITIONAL INFORMATION

Additional information regarding the Company may be found on SEDAR, www.sedar.com.