

DIGITAL JOURNAL

Cielo Announces Achievement of Milestone: First Production of Raw Distillates from Renewable Diesel Refinery

VANCOUVER, BC / ACCESSWIRE / August 22, 2018 / Cielo Waste Solutions Corp. ("Cielo" or the "Company") (CSE: CMC) announces that it has achieved a milestone with the first production of raw distillate (renewable fuels) from its first commercial refinery in Aldersyde, Alberta (the "Refinery") that uses its patent-pending technology, which converts garbage-derived feedstocks, including all plastics, sorted municipal solid waste (garbage), wood and agriculture waste, tires and virtually any other cellulosic waste product, into high grade renewable diesel.

Cielo has initiated its reactor, which has started the continuous flow process of generating raw distillate (renewable fuels). As disclosed previously, the Company will be following a staggered approach to adding biomass (garbage) by adding increasing amounts of feedstock until the optimal mix is achieved. It is expected that the optimal mix should be achieved over the coming weeks. Cielo anticipates that it will be able to announce confirmed production output volumes shortly after the optimal mix is reached. Once sufficient raw distillate is produced, the next stage will be to remove the sulphur and to separate the distillate into naphtha, kerosene and diesel. Shortly afterwards, Cielo anticipates it will be able to make its first sale of renewable fuels. Management believes that the timing for this is on track for early - mid fall of 2018.

Don Allan, President and CEO of Cielo, stated "The production of our first litres of raw distillates is our most significant milestone to date in proving our technology is commercially viable. Our refineries are being engineered to be the greenest refineries on the planet, which will benefit generations to come by being able to convert landfills into renewable fuels."

The renewable diesel that is going to be produced at the Refinery is forecast to receive approximately a 25% premium over biodiesel pricing. In addition, because the technology uses waste streams as its feedstock, Cielo's management believes that Cielo will not have to rely on government subsidies to be profitable and anticipates that it should be able to generate cash flow from production by early - mid fall of 2018.

Phase I and Phase II Updates

As Cielo progresses through the current commissioning stage, modifications to both design and construction intended to improve the processes continue to be made. Originally, the Company's plan for Phase I was to build a refinery targeting a nominal production rate of 356 litres per hour. Cielo is pleased to announce that continued improvements have increased targeted outputs to between 500 and 1,000 litres per hour for Phase I. In addition, in order to implement the Phase II upgrades increasing the target rate to 1824 litres per hour, although Cielo had considered building a second refinery, management has determined that it would be more efficient to upgrade the current Refinery to a greater capacity after the completion of Phase I, targeting outputs of between 1,800 and 2,000 litres per hour, such that all Cielo refineries would produce at this rate at a minimum. With the continued improvements in automation, safety and the scale up to 500 to 1,000 litres per hour for Phase I, the timing for the completion of Phase I (i.e. the current commissioning stage) is expected to be completed by early fall of 2018, and construction costs for Phase I are expected to total between \$4.5 million to \$5.0 million. The construction budget for Phase II is expected to be completed after Phase I commissioning is completed due to further anticipated improvements.

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