



Expander Energy Inc is extremely pleased to announce a partnership with Cielo Waste Solutions Corp. This is a major step forward for both Expander and Cielo.

Cielo Announces Asset Purchase Agreement with Expander Energy Inc. to Deploy Market Ready Technology for Production of Low Carbon Renewable Synthetic Fuel

Acquisition Expected to Accelerate Timeline to Commercialization and Further Advance Existing Technology

CALGARY, Alberta, Canada (September 20, 2023) – Cielo Waste Solutions Corp. (TSXV:CMC; OTCQB:CWSFF) (“**Cielo**” or the “**Company**”), a waste-to-fuel environmental technology company, is pleased to announce that it has executed an asset purchase agreement dated September 15, 2023 (the “**Asset Purchase Agreement**”) with Expander Energy Inc. (“**Expander**”), a private Alberta corporation and an arm’s length third party, for the purchase of certain assets and liabilities of Expander to operate the EBTL™ and BGTL™ technologies business being acquired (the “**Acquired Business**”). The proposed acquisition (the “**Proposed Transaction**”) is expected to allow Cielo to accelerate its timeline to commercialization and further enhance Cielo’s existing proprietary Thermal Catalytic Depolymerization (TCD) technology.

The Proposed Transaction includes the grant of an exclusive licence in Canada to use Expander’s patented EBTL™ and BGTL™ technologies and related intellectual property (the “**Licensed Technologies**”), as well as an exclusive licence in the United States for creosote and treated wood waste. The Licensed Technologies will be used to build facilities (the “**Licensed Facilities**”) that process biomass (waste) to fuels (bio-syndiesel). The particular terms will be set out in a license agreement (the “**License Agreement**”) to be executed by Cielo and Expander on closing, and as more particularly described below.

The Proposed Transaction will result in Cielo and Expander remaining separate entities while maximizing synergies between the companies. A key component of the Proposed Transaction includes the engagement of Expander and/or its affiliates to provide services for both the engineering, procurement and construction phases of the Projects (as defined below), as well as the operation/project management phase of the Projects.

Ryan Jackson, CEO of Cielo, commented, “We believe this is a monumental achievement for Cielo and one that will accelerate our path to commercialization and revenues. We expect that the partnering of Expander’s technology, technical expertise and extensive engineering and operations experience with Cielo’s board and executive management team, access to capital markets and business relationships will position Cielo to be a leader in the renewable fuels industry.”

PROJECT DEVELOPMENT

Cielo intends to undertake three projects in Alberta proposed or underway by Expander, as well as three projects proposed by Cielo, including the previously disclosed facility in Dunmore, Alberta and two in the United States, all using the Licensed Technologies (collectively, the “**Projects**”).

Projected financial metrics for the first two proposed Projects, one located in Carseland, Alberta, one in Dunmore, Alberta, are presented below:

Project ⁽¹⁾	Production (Million Litres/year)	Revenue (\$MM)	EBITDA ⁽¹⁾⁽²⁾ (\$MM)	Anticipated Timeline
Carseland Phase I	8.2	19	9	2026
Dunmore	34	79	46	2027

Notes:

1. First full year production.
2. Non-IFRS measure. (See National Instrument 52-112 – Non-GAAP and Other Financial Measures Disclosure)

The remaining four of the six initial Projects include locations in Slave Lake, Carseland (Phase II), and two locations to be determined in the United States. Carseland Phase II will involve an increase in facility size and production volume. Slave Lake has been granted EPA (Alberta Environment and Protected Areas) approval, however, would require an amendment to the EPA permit to allow for an increase in facility size and production volume compared to what had been previously planned. The locations of the two Licensed Facilities in the United States are to be determined.

In addition, management believes that an anticipated result of the proposed relationship between Expander and Cielo, leveraging Expander’s expertise and culture of innovation, will be an improvement to Cielo’s proprietary technology, which is currently implemented at Cielo’s research and development facility. In the meantime, Cielo’s access to the Licensed Technologies is anticipated to accelerate the timeline to commercialization and therefore shorten the path to revenue.

With regard to the land in Dunmore, Alberta to be acquired by Cielo from Renewable U Energy Inc. (“**RU**”), as previously disclosed, Cielo and RU have agreed to extend the deadline for conditions until September 29, 2023, and the closing date to October 28, 2023. Refer to the news release dated May 1, 2023, and May 17, 2023 for additional information. Cielo will provide further material updates as they become available.

OPERATIONAL EXPERTISE

Expander’s engineering team is led by its Executive Vice President and Chief Technical Officer, Steve Kresnyak, who brings over 40 years of international consulting engineering experience in the hydrocarbon energy industry. Mr. Kresnyak has extensive EPC/EPCM experience and is the technology developer and inventor of many world issued process patents including Expander’s EGTL™ for Gas to

Liquids, EBTL™ for Biomass to Liquids, Biomass Gasification, and FTCrude® process technology.

On closing, Cielo and Expander will execute agreements for the engineering procurement and construction services as well as the project management services to be provided by Expander and its affiliates to Cielo for the Projects.

Mr. Kresnyak commented, “We at Expander are elated to be part of the Cielo story, assisting in the commercialization of multiple, patented low carbon, Bio-Synfuel projects. We also look forward to lending our expertise to help bring Cielo’s strategic vision to life with a particular focus on creosote and treated wood feedstocks, carving a lane in this niche market.”

BOARD COMPOSITION

Following closing, Cielo’s Board of Directors (the “**Board**”) would be comprised of Cielo’s four current directors, plus three Expander nominees for a total of seven directors with the majority remaining Cielo nominees. The proposed nominees will be James H. Ross, Larry B. Haggar and G. Steven Price (the “**Expander Nominees**”).

James H. Ross, B. Sc., C. Dir., is Executive Chairman and Chief Financial Officer, as well as shareholder, of Expander, was Chief Executive Officer from 2010 to 2018, and has been a director of Expander since 2009. Mr. Ross has 40 years of capital markets experience including executive management, venture capital, private equity, and small cap investment banking. Mr. Ross is the former Chief Executive Officer of Rocky Mountain Clean Fuels Inc., and remains a director of Rocky Mountain Clean Fuels Inc. Mr. Ross is Co-Founder and Chief Executive Officer of Alberta Clean Technologies (VCC) Ltd., an Alberta based Venture Capital Corporation. His past experience includes director of C-Free Power Corp., a developer of wind and micro-hydro power generation in western Canada, (acquired by Good Energies Capital), director of Platinum Communication Corp. a provider of rural high-speed internet in western Canada, (acquired by Xplornet Communication Inc.), and director of Glenbriar Technologies Inc., an information technology service provider in B.C., Alberta, and Ontario (acquired by Uniserve Communications).

Larry B. Haggar is a director, as well as a shareholder, of Expander. Mr. Haggar has 50 years of experience in the oil and gas industry after graduating from the University of Waterloo with a B.A.Sc. degree in Chemical Engineering (1971). He began his career at Great Canadian Oil Sands (now Suncor) as a Process Engineer and later as Operations Engineer for the Upgrader. He next joined a major U.S. engineering firm’s Calgary office and was assigned to its London, U.K office where he worked on a variety of projects for clients in Indonesia, the North Sea and Saudi Arabia. Upon returning to Calgary, he designed and commissioned upstream oil and gas plants before moving to Dubai as Chief Engineer for Scimitar Oils Ltd. for the design, construction, start-up and first year operation of the Dugas Jebel Ali Gas Plant and associated offshore gas gathering facilities. Larry operated as a consultant for projects in Italy, New Orleans and Houston prior to joining Colt Engineering where he was a Partner and Director for 20 years. He held many line positions at Colt as a Process Engineer, Department Head, Project Engineer, Project Manager and General Manager, working out of its Calgary, Markham, Abu Dhabi Joint Venture and Edmonton CoSyn Alliance offices. After Colt’s sale to WorleyParsons in 2007 he began investing in the Energy industry leading to his investment in Expander. Since 2010 he has been a director and process advisor to Expander in its development of novel technologies for Biomass-to-Liquids, Gas-to-Liquids, Biomass-Electrolysis-to-Liquids and FT Crude (a more carbon efficient scheme to process Bitumen).

Mr. Price is a Professional Engineer and President of Price Engineering, a consulting company providing technical and managerial expertise to the energy sector since 1995. He received his Bachelor of Science degree in Electrical Engineering from the University of Manitoba and has over 45 years' experience in engineering and management including corporate operations, evaluations, facilities design and operation most recently in biomass and renewable energy systems. Mr. Price also has extensive experience in multi-stakeholder engagement, working with various groups such as landowners, First Nations, government and non-governmental agencies. He is past President and Chief Executive Officer of Expander and has been a director since 2009. Prior to that, he was President of Unitech Energy Resources Ltd., Vice President of HCO Energy Ltd., Vice President of Bralorne Resources Inc., and Manager of Ranchmen's Resources Ltd. (all oil and gas issuers who are or were listed on the TSX).

Mr. Ross commented, "The Expander team is pleased to be collaborating with Cielo to develop projects producing sustainable synthetic fuels for the transportation industry. I am excited that preliminary conversations to enhance Cielo's technology has grown into this joint endeavour that serves to advance both companies. Larry, Steve and I, are looking forward to joining the Cielo Board, working alongside the existing directors and management towards a common goal."

Cielo has agreed to propose to its shareholders at its next shareholder meeting, scheduled for October 26, 2023 (the "**Meeting**"), the election of the Expander Nominees to the Board of Directors of Cielo (the "**Board**"). If the Proposed Transaction is not completed prior to the date of the Meeting however, only Mr. Ross will be appointed to the Board and the other two Expander Nominees will instead be nominated for election at Cielo's next annual general shareholder meeting.

TRANSACTION DETAILS

Consideration

Under the Asset Purchase Agreement, Cielo has agreed to acquire certain assets and liabilities that comprise the Acquired Business.

In consideration for the acquisition of the Acquired Business, Cielo has agreed to pay a purchase price of C\$45,323,785.30 by issuing 906,475,706 common shares of the Company (the "**Consideration Shares**") at a price of \$0.05 per Consideration Share, resulting in Expander owning 49.9% of the issued and outstanding common shares of Cielo post-closing, and the existing shareholders of the Company retaining 50.1% of the issued and outstanding common shares of Cielo post-closing.

Additional terms of the Asset Purchase Agreement related to consideration include the following, among others:

- 15% of the Consideration Shares to be held back for indemnification purposes for 13 months.
- An additional approximately 25% of the Consideration Shares to be held in escrow by Cielo's transfer agent for release as follows:
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 - 25% on January 4, 2024;
 - 25% on April 1, 2024;
 - 25% on August 28, 2024; and

- 25% one year from closing.
- Expander is required to transfer the majority of the Consideration Shares to its shareholders (and creditors if applicable) upon closing, however Expander intends to retain a portion of the Consideration Shares. Expander has agreed to take actions to avoid the creation of (becoming) a Control Person¹ (as defined by the policies of the TSX Venture Exchange [the “TSXV”], which would require the approval of Cielo’s shareholders).

The Consideration Shares will also be subject to a statutory hold period of four months and one day following issuance.

1. *Defined in TSXV Policy 1.1 Section 1.2, as at the date of this news release, as: “Control Person” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an Issuer so as to affect materially the control of that Issuer, or that holds more than 20% of the outstanding Voting Shares of an Issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the Issuer.*

Prepaid Liabilities

As Cielo and Expander wish to continue progress on Carseland Phase I during the period leading up to closing, Cielo has agreed to advance to Expander for continued work on Carseland 1 up to C\$1,500,000 (the “**Prepaid Liabilities**”). Before any advance is made by Cielo, Expander will execute loan documentation in favour of Cielo providing that, in the event that the Proposed Transaction is not completed by January 5, 2024, the Prepaid Liabilities will bear interest at a rate of prime plus three percent (3%) (minimum of 7.5%), to be repaid to Cielo on or before April 30, 2024.

Financing

Pursuant to the Asset Purchase Agreement, Cielo will be obligated, as a condition to closing of the Proposed Transaction, have available as at closing a minimum of C\$45,000,000 (the “**Financing**”). Cielo has been in discussions with third parties with respect to the Financing and has entered into advanced discussions with an arm’s length third party for the full amount of the Financing.

The Financing is subject to the approval of the TSXV.

Terms of License

As of the closing of the Proposed Transaction, Cielo and Expander will execute the License Agreement, which will set out the terms of the licenses to be granted by Expander to Cielo, including, among others:

- Cielo will have an exclusive licence to use the Licensed Technologies in Canada for all materials and in the USA for creosote and treated wood.
- A royalty of 3% of the gross revenues earned from the sale of products from the Licensed Facilities (the “**Royalty**”).
- Upfront fees for each Licensed Facility to a maximum of C\$3,500,000 per facility based on capacity. The majority of which will be applied as an advance against the Royalty.

- Cielo will be required to achieve the Final Investment Decision (FID) stage for six Licensed Facilities in Canada and the United States within five years, otherwise losing exclusivity.
- Expander will have the right to construct facilities using the Licensed Technologies in the event that opportunities arise that Cielo does not wish to pursue.

Closing

The Proposed Transaction is anticipated to close in October 2023, prior to the Meeting. The Proposed Transaction is subject to certain conditions, including the completion of Financing, the execution of certain third-party agreements related to the Acquired Business, and conditions which are customary for a transaction of this nature. No fees or commissions are payable to any third party in connection with the Proposed Transaction (except as may be agreed upon at a future time with respect to the Financing).

Sheila Leggett, Board Chair of Cielo commented, “Cielo’s Board welcomes the new opportunities this acquisition brings to the company and expresses our thanks to the Cielo and Expander teams for their dedication and diligence in completing this transaction.”

The Proposed Transaction is subject to the approval of the TSXV. Based on the terms of the Asset Purchase Agreement, Cielo will not be required to obtain shareholder approval for the Proposed Transaction. The Proposed Acquisition has been determined by Cielo to be a “Fundamental Acquisition” as defined by the policies of the TSXV and accordingly, the Company’s common shares have been halted from trading and will continue to be halted pending review by the TSXV.

SHARE CONSOLIDATION

The Company is also proposing, as and when determined by the Board of Cielo following the completion of the Proposed Transaction, to complete a consolidation of Cielo’s securities (the “**Proposed Consolidation**”) on an *up to* 15:1 basis, subject to the approval of the TSXV and Cielo’s shareholders (which will be requested at the Meeting to be held on October 26, 2023). Although approval is not required for companies incorporated under the *Business Corporations Act* (British Columbia), Cielo’s articles require that special (66 2/3%) approval of Cielo’s shareholders be obtained for a share consolidation. In addition, the policies of the TSXV require that Cielo obtain shareholder approval in the event of a consolidation that is equal to or greater than on a 10:1 basis. The Proposed Consolidation is not a condition of the Proposed Transaction; however, Cielo has agreed to present it for approval to its Board. The Proposed Consolidation remains subject to the approval of Cielo’s Board and Cielo’s shareholders. The Board may determine to proceed with the Proposed Consolidation as and when determined to be at the most opportune time for Cielo, or not at all. Shareholders at the Company’s Meeting (shareholder meeting scheduled for October 26, 2023) will be asked to approve the Proposed Consolidation on an *up to* 15:1 basis (although it may be less). Further information on the Proposed Consolidation will be disclosed as it becomes available.

CONFERENCE CALL DETAILS: STRATEGIC UPDATE

Cielo’s CEO, Ryan Jackson, and CFO, Jasdeep K. Dhaliwal, will host a conference call with Expander guests, Executive Chairman and CFO, Jim Ross and Executive VP and CTO, Steve Kresnyak, on **Monday, September 25, 2023, at 4 p.m. ET** to discuss the transaction.

Conference Call Participant Details: <https://emportal.ink/469L5zt>

Local: 416-764-8659
North America Toll Free: 1-888-664-6392
Audience URL: <https://app.webinar.net/JlrQx9gVW3z>

Conference Replay Local: 416-764-8677
Conference Replay North America Toll Free: 1-888-390-0541
Conference Replay Entry Code: 745759#
Conference Replay Expiration Date: 10/05/2023

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities of the Company in the United States nor shall there be any sale of securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States. Accordingly, any of the securities described herein may not be offered or sold in the United States or to U.S. persons unless an exemption from registration is available.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

ABOUT CIELO

Cielo Waste Solutions Corp. was incorporated under the *Business Corporations Act* (British Columbia) on February 2, 2011. Cielo is a publicly traded company with its shares listed to trade on the TSXV under the symbol “CMC,” on the Frankfurt Exchange under the symbol “C36”, as well as on the OTC Venture Market (“**OTCQB**”), under the symbol “CWSFF.” The Company’s strategic intent is to become a leading waste-to-fuel company using economically sustainable technology while minimizing the environmental impact. Cielo has a patented process that can convert waste feedstocks, including organic material and wood derivative waste, to fuel. Having demonstrated its ability to produce diesel and naphtha from waste, Cielo’s business model is to construct additional processing facilities. Cielo’s objective is to generate value by converting waste to fuel, while fueling the sustainable energy transition.

For further information please contact:

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements and forward-looking information (collectively referred to herein as “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”, “continuous”, “ongoing”, “estimate”, “outlook”, “expect”, “may”, “will”, “project”, “should” or similar words, including negatives thereof, suggesting future outcomes.

Forward-looking statements are subject to both known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward looking statements. Forward-looking statements and information are based on plans, expectations and estimates of management at the date the information is provided and are subject to certain factors and assumptions, including, among others: the ability of Cielo to complete the Proposed Transaction as and on the terms contemplated and agreed, and to assume and comply with the material contracts related to the Acquired Business; the ability to integrate the Acquired Business into Cielo’s business; that the Company’s financial condition and development plans related to the Proposed Transaction, Projects, do not change as a result of unforeseen events; that market conditions that affect the Company, generally and taking into consideration the completion of the Proposed Transaction, do not change; the regulatory climate in which the Company operates and the laws and policies applicable to Cielo, its business, and post-closing the Acquired Business, do not change; the Company’s ability to execute on its business plans; the availability and cost of feedstocks to be used in the Projects; the capacity of the Licensed Facilities with respect to each Project; the ability of each Licensed Facility to operate as and for such duration(s) as anticipated, without unplanned stoppages or shut-downs; the ability of the Company to secure the Financing, and generally financing for all Projects on commercially reasonable terms or at all; the ability of the Company to sell the fuels produced by the Licensed Facilities in a timely manner at commercially reasonable rates; the ability of the Company to secure tipping fees related to feedstocks in connection with the Projects; existing agreements, agreements to be assigned by Expander, and new agreements with third parties to be reasonable and enforceable and the ability for the relationships with such parties to continue; and the information provided by Expander with respect to pro forma financial model(s) related to the Projects being reasonable, complete and accurate.

Cielo is making forward looking statements, with respect to, but not limited to: the terms, timing and anticipated closing of the Proposed Transaction, including but not limited to the terms of the Asset Purchase Agreement and the License Agreement, in addition to any other agreement to be signed on closing, such as engineering and project management agreements; the expected result of the closing of the Proposed Transaction on Cielo’s ability to accelerate its timeline to commercialization and further enhance its proprietary technology; the granting of the licensed rights to Cielo by Expander, including the fields of use, territories, fees and royalties payable, and related terms; the engagement of Expander and/or its affiliates for certain services related to the Projects, and the nature and extent of such services; the result of the anticipated synergies between the companies; the number and location of the Projects and the anticipated requirements related thereto; the projected financial metrics regarding the Licensed Facilities to be built in Dunmore, Alberta and Carseland, Alberta, including the anticipated timelines; the anticipated result on the relationship between Cielo and Expander on Cielo’s proprietary technology; timing for the conditions and closing of the land acquisition in Dunmore, Alberta; the composition of the Board post-closing and the anticipated forum(s) for the election of the Expander nominees; the amount and type of consideration to be paid to Expander, including hold-backs and resale restrictions on the Consideration Shares, and in particular escrow release dates; the transfer by, or retention of, Consideration Shares, by Expander; the terms related to the Prepaid Liabilities, and repayment terms in the event that the Proposed Transaction is not consummated; the Financing, including this being a condition to closing; the anticipated timing for closing of the Proposed

Transaction; the date of the Meeting; Cielo not being required to obtain shareholder approval for the Proposed Transaction; the Proposed Transaction being characterized as a “Fundamental Acquisition” and the related trading halt; the Proposed Consolidation and the ratio and other terms thereof; and the conference call to be held on September 25, 2023, including with respect to timing, agenda, hosts and guests.

This news release also contains future-oriented financial information and financial outlook information (collectively, “**FOFI**”) about prospective results of operations including, without limitation, expectations with respect to operations of the Projects to be undertaken in Carseland, Alberta, and Dunmore, Alberta, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. Cielo’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Cielo will derive therefrom. Cielo has included the FOFI in order to provide readers with a more complete perspective on Cielo’s future operations, taking into consideration the integration of the Acquired Business and such information may not be appropriate for other purposes.

Investors should continue to review and consider information disseminated through news releases and filed by the Company on SEDAR. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company’s actual performance and results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Any forward-looking statements are made as of the date hereof and, except as required by law, the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

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