

Cielo Announces \$11 Million Mortgage Loan, Anticipated Partial Repayment Of Existing Loan, and Engagement of Investor Relations Firm

written by Raj Shah | December 30, 2021

December 30, 2021 ([Source](#)) – Cielo Waste Solutions Corp. (TSXV:CMC)(OTCQB:CWSFF) (“Cielo” or the “Company”) is pleased to announce:

- an agreement for a \$11 million mortgage loan to partially repay the Existing Loan (as defined below) and to provide general working capital to Cielo;
- the anticipated favorable amendment of the terms of the Existing Loan; and
- the engagement of a New York based investor relations firm, to assist the Company in developing its investor relations program and expanding its access to institutional investors.

All amounts in this news release are in Canadian dollars unless otherwise indicated.

Cielo Secures Additional Working Capital and Generates Interest Savings and Stability

On August 24, 2021, the Company announced the closing of a \$12 million mortgage loan (the “Existing Loan”) with First Choice Financial (“FCF”) and KV Capital Inc. (collectively the “Existing Lenders”). Pursuant to the agreement of the Existing Loan:

- The term of the Existing Loan is 12 months, and the initial term of the Existing Loan will end in August 2022;
- The Existing Loan is subject to an annual simple interest rate of 6%;
- The Existing Loan is secured by the Company's property in Fort Saskatchewan and the facility in Aldersyde, Alberta (the "Assets");
- For the initial 12 months term, total interest of \$720,000 was withheld by the Existing Lenders as an interest reserve (the "Interest Reserve") and applied against the initial 12 monthly payments of interest; and
- The Existing Loan is subject to a special covenant in relation to the Company's market capitalization, which entitled the Existing Lenders to request partial repayments of the Existing Loan when the Company's market capitalization is below certain threshold (the "Market Cap Requirements").

The Company, in accordance with its current business strategy, set out to renegotiate the terms of the Existing Loan with goals including eliminating the Market Cap Requirements, obtaining additional capital, and reducing the interest costs associated with the Existing Loan.

On December 29, 2021, the Company, as borrower, entered into an agreement with FCF, as lender, pursuant to which Cielo and FCF have agreed that:

- FCF to advance to Cielo a \$11 million mortgage loan (the "Loan");
- The term of the loan will be 24 months and the Loan is subject to an annual simple interest rate of 3%;
- The Loan is also secured by the Assets;
- For the first year of the term, total interest of \$330,000 will be withheld by FCF as an interest reserve and applied

- against the initial 12 monthly payments of interest;
- Cielo will make monthly interest payments in the amount of \$27,500 during the second year of the term;
 - At any point following the 12 months anniversary of the Closing Date (as defined below), in the event that FCF is acting reasonably and in good faith, dissatisfied upon an evaluation of Cielo's financial condition, business, and technological progress, FCF will be entitled to require the Company to repay the Loan, in whole or in part, within 90 days of the date of such written notice that repayment is required;
 - The Company has agreed to issue 50,000,000 non-transferable share purchase warrants (the "Bonus Warrants"). Each Bonus Warrant will entitle FCF to purchase one common share of the Company at an exercise price of \$0.22 for a period of 24 months; and
 - No commissions are payable in connection with the Loan and there are no guarantors.

The Company may repay the Loan at any time, in whole or in part, without penalty. In the event that the Loan is repaid early in whole or in part, a pro rata number of the total Bonus Warrants will have their term reduced to the date that is the later of: a) 30 days following the date of such repayment; and b) 12 months from the date of issuance of the Bonus Warrants.

The Loan and the issuance of the Bonus Warrants are both subject to the approval of the TSX Venture Exchange (the "TSX-V"). The Loan is anticipated to be closed on or about January 17, 2022 (the actual closing date defined as the "Closing Date").

Use of Proceeds – Anticipated Partial Repayment of the Existing Loan and General Working Capital

Upon successful closing of the Loan, Cielo is planning to use \$5.5 million of the net proceeds of the Loan to repay the

Existing Loan (the “Early Repayment”), without penalty to Cielo. The balance will be used for general working capital purposes.

The closing of the Loan is subject to the amendment of the terms of the Existing Loan in Cielo’s favour, as further described below. In addition, as a result of the partial repayment, the term for \$5.5 million of the \$12 million bonus warrants that were issued in connection with the Existing Loan (the “Existing Bonus Warrants”) will be reduced such that the \$5.5 million Existing Bonus Warrants will, if not exercised, expire 90 days from the date of the Early Repayment.

Anticipated Favorable Amendment of the Existing Loan and Anticipated Benefits to Cielo

In consideration for the Early Repayment of the Existing Loan, the Existing Lenders have agreed in principle to:

- Remove the Market Cap Requirements in their entirety; and
- Return to Cielo a proportionate portion of the Interest Reserve, approximately \$200,000.

In addition, management anticipates that the successful closing of the Loan, partial repayment to the Existing Loan, and the amendment to the terms of the Existing Loan will:

- Further improve the Company’s cash position and provide additional capital to fund the activities at the Aldersyde facility to achieve steady-state production, and the cost related to the research and development facility in Fort Saskatchewan, Alberta, as announced in the Company’s November 12, 2021 press release;
- Provide greater stability and certainty for Cielo regarding the timing of the repayment of the Existing Loan; and
- Generate interest savings on the Existing Loan.

The amendment to the terms of the Existing Loan, the return of a portion of the Interest Reserve, and the reduction of the term of \$5.5 million Existing Bonus Warrants, will occur only in the event of the closing of the Loan, which is anticipated to be on or about January 17, 2022.

Engagement of Investor Relations Firm

Cielo has entered into an agreement with Rose & Company Holdings, LLC. ("Rose"), a New York based investor relations and capital markets advisory firm, to assist the Company in developing its investor relations program and expanding its access to institutional investors, effective as of January 1, 2022.

Pursuant to the terms of the agreement, Cielo will pay Rose CAD \$10,000 per month for the initial 3 months of the term, USD \$10,000 per month from the fourth to the sixth month inclusive, and USD \$12,500 per month thereafter. The term of the engagement is a period of 12 months, subject to automatic 12 months renewals unless terminated by either party upon 60 days' notice, however Cielo may terminate the agreement upon 30 days' notice within the first 6 months of the engagement.

Cielo remains committed to providing updates to shareholders on a timely basis as the Company continues to meet its milestones, and as new key objectives are established.

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About Cielo Waste Solutions Corp.

Cielo 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 TSX Venture Exchange ("TSXV") under the symbol "CMC", as well as on the OTC Venture Market ("OTCQB"), under the symbol "CWSFF".

Cielo's strategic intent is to become one of Canada's leading waste to fuel companies using its environmentally friendly, economically sustainable technology. Cielo developed a process that can convert waste feedstocks, including plastics, rubber, organic material and wood derivative waste to fuel. Cielo's business model is to source feedstocks from a wide variety of potential suppliers and convert the feedstocks into fuels to be sold to a wide variety of potential purchasers. The Company plans to construct facilities that will convert waste feedstocks to energy fuels, such as diesel, kerosene, and naphtha. The diesel from Cielo's distillate could be used in diesel engines. Kerosene could be suitable for aviation or marine jet fuel, and naphtha could be used to assist in transporting heavy oil. Cielo's goal is to convert waste to fuel while ridding the world of unwanted and problematic garbage.

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. Cielo is making forward looking statements, with respect to, but not limited to: the completion of the Loan on the terms set out herein or at all; the use of net proceeds of the Loan, including but not limited to the early partial repayment of the Existing Loan; the evaluation by FCF of Cielo’s financial condition and business and technological advancements, and such evaluation taking place 12 months or later from the Closing Date and FCF acting reasonably and in good faith; the issuance of the Bonus Warrants on the terms set out herein or at all; approval of the TSX-V of the Loan and the issuance of the Bonus Warrants to FCF; the proposed closing date of the Loan being January 17, 2022; the requirement and Cielo’s ability to make the monthly interest payments of \$27,500 with respect to the second year of the term of the Loan, if outstanding; the amendment of the terms of the Existing Loan, namely the removal of the Market Cap Requirements, and the return of a portion of the Interest Reserve and the amount

thereof, project timelines, costs, corporate goals and objectives associated with the Aldersyde facility and the research and development facility in Fort Saskatchewan, Alberta including the Company's ability to achieve steady-state production; and the favorable impact and the anticipated benefits of the foregoing on the Company; the services to be provided by Rose and the compensation to be paid to Rose for such services, and the term of such engagement. 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, neither the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange), nor OTCQB nor WKN, have reviewed, and do not accept responsibility for the adequacy or accuracy of, the content of this Press Release.

SOURCE: Cielo Waste Solutions Corp.