

# Is Cielo Waste Solutions, Waste-to-Fuel process, back on track?

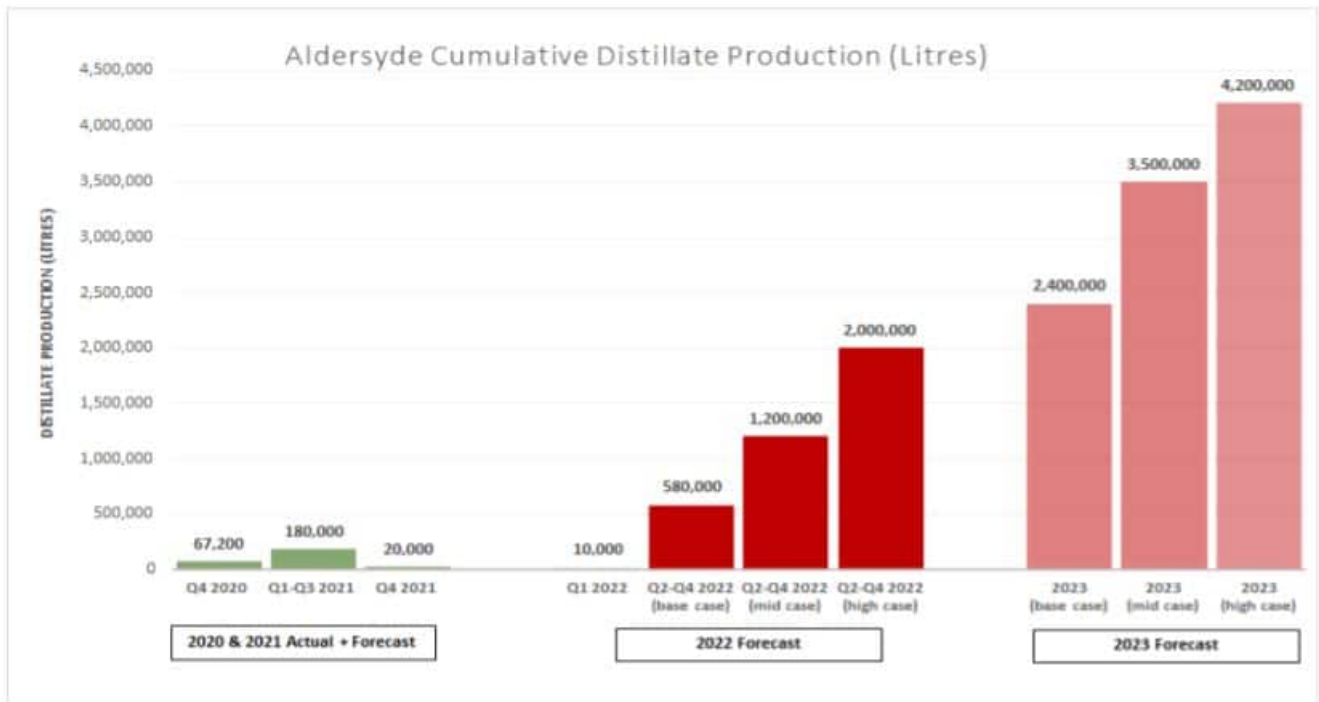
Every so often a company that is on the leading edge of innovation or disruption will face a misstep or two along the way. It shouldn't come as a surprise to anyone, because if something is easy then everyone would do it, but that doesn't mean a company should be written off or discounted in any way for missing the mark along the way. There's a reasonable chance they are still ahead of their peers in the race for whatever it is they are pursuing, assuming they even have any peers yet. Additionally, as long as you don't blow something up or hurt anyone you probably learn as much, if not more, from any setbacks as you do from your successes. With that said, the market can be a very unforgiving place with little to no tolerance for anything less than perfection. So, if you are publicly traded while you are still perfecting your widget, it's possible to get put into the penalty box from time to time.

Back in July of this year Cielo Waste Solutions Corp. (CSE: CMC | OTCQB: CWSFF | FSE: C36) traded as high as \$1.65 versus yesterday's close of \$0.20. If that's not the penalty box, I'd hate to see what is. They may have overpromised and under-delivered, but that's a risk you face when you are attempting to innovate with ground-breaking technology. Cielo has developed a proven and patented technology to produce high cetane (a measurement of the quality of diesel fuel where higher is better), ultralow sulfur renewable diesel, kerosene and naphtha fuels. Feedstock (also known as inputs) for the process include the world's most available and inexpensive household, commercial and construction/demolition garbage, wet organics (compost), all plastics, paper, tires, cardboard, sawdust and wood. When one considers that most of this garbage

ends up in a landfill where it can generate methane emissions while the Cielo process creates virtually no emissions, that makes this a pretty environmentally sound opportunity.

I won't speculate on what the market didn't like about what Cielo has done over the last six months, because what's done is done and can't be changed. As an investor, one has to look forward and decide from today on whether there is a reason to invest in Cielo. Regardless of whether you bought Cielo at \$1.65 or not, if you still hold it today or are thinking about buying it for the first time, what's happened up to this point in time is now water under the bridge. What is the investment thesis going forward?

On November 12<sup>th</sup> the Company put out an operational update and production forecast that has a pretty optimistic outlook. Albeit they need to regain their credibility with the market so it is very important that they can follow through with their latest projections. Key highlights from this press release include engineering modification and design being undertaken to reduce downtime and achieve steady-state production; commissioning and start-up of these modifications forecast for April 2022; and revenue generation. The sum of these parts has led to a fairly bullish outlook on distillate production at their Aldersyde facility and the potential that Cielo could be generating enough revenue to self-fund future growth.



Source

I noted above that you could look past a bump in the road if you are leading the competition. Well, there are currently no major waste-to-fuel alternative producers of diesel in North America, so having to wait a little longer for the Company to get things right might be inconvenient but not catastrophic. Another important investment consideration is that Cielo is in the right business at the right time with a favorable macro backdrop for carbon reduction and ESG investments. Cielo's process represents an alternative to carbon-intensive fossil fuel extraction and with an increasing societal push to end traditional fossil fuel development and extraction, Cielo can still maintain the benefits provided by hydrocarbons throughout the energy transition.

Now don't get me wrong, Cielo still has to show investors that they have gotten things back on course. The good news is they currently have enough funding to get them to that pivotal Q2/22 quarter which hopefully sees things back on track and progressing towards where the market envisioned the Company would already be. With a current market cap of \$132 million, there appears to still be some optimism that Cielo can turn it

around and achieve the promise of a sustainable waste-to-fuel producer. It's hard to be an innovator, just ask Tesla's Elon Musk. But as the world's richest man I suspect he's far less worried now about the challenging path it took him to get there.