

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: **Kontrol Energy Corp. (the “Issuer”)**

Trading Symbol: **KNR**

Number of Outstanding Listed Securities: **40,067,377 common shares and 3,343,646 common shares reserved for issuance**

Date: **January 14, 2021**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer’s ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Exclusive Distribution Agreement with United Safety and Survivability Corporation for BioCloud Technology distribution in North America, Australia and New Zealand

On December 1, 2020, the Company announced that it has entered into an exclusive Distribution Agreement with United Safety and Survivability Corporation (“**United Safety**”). Under the terms of the agreement, the exclusivity applies to the industries defined as buses, rail and locomotive, subways, ambulances, fire trucks, first responder and military vehicles, with applicable associated facilities in the geography of North America, Australia, and New Zealand. The exclusivity period is 12 months with a six month mutual renewal option and is based on 5,000 units of BioCloud per annum, on a best efforts basis, to retain exclusivity. Pricing will not be disclosed for industry competitive purposes.

About United Safety & Survivability Corporation

United Safety and Survivability Corporation is committed to delivering the most innovative and reliable safety and survivability solutions that our customers can trust to protect life and property. As a global leader in the design and engineering of world-class safety, survivability and technology solutions across a variety of industries and categories, our portfolio of products includes seating for commercial buses, fire trucks, ambulances, military vehicles, motor coaches, rail cars and locomotives. We design and build specialty soldier survivability systems for military vehicles and our revolutionary fire suppression systems are used in school buses, public transit, heavy machinery and more. Our portfolio of products includes Active Air Purification and AEGIS® Microbial Surface Treatment that help to protect the public and operators by eliminating bacteria and viruses from air and surfaces.

www.unitedsafetycorporation.com

Announcement of Federal funding and production for BioCloud technology

On December 3, 2020 the Company announced that it is in receipt of advisory services and up to \$500,000 in research and development funding from National Research Council of Canada Industrial Research Assistance Program (**NRC IRAP**) to complete final commercialization and mass production requirements for its Covid-19 technology, the Kontrol BioCloud™ analyzer (“**BioCloud analyzer**” or “**BioCloud**”).

Production

The Company has commenced initial production of BioCloud units for delivery in Q1 2021. Initial deliveries include the sale of units to distributors and Kontrol customers. Further, the Company will deliver demonstration units to pilot customers in the Middle East. The Company will announce those sales which are material and other sales will be reported in the applicable quarterly financial statements as ordinary course.

Distribution Agreement with Grande West to Offer BioCloud Technology to Vicinity Buses

On December 15, 2020, the Company announced that it has entered into a distribution agreement with Grande West, a Canadian manufacturer of mid-sized multi-purpose transit vehicles for sale in Canada and the United States, to offer BioCloud™ technology to the Vicinity line of buses.

Under the terms of the non-exclusive distribution agreement, Grande West will offer the BioCloud solution as an option in its Vicinity Lightning™, Vicinity LT and Vicinity heavy duty bus specifications. Grande West's existing customers will be notified of the option to retrofit the BioCloud devices into existing fleets across Canada. United States customers will be serviced by working with Kontrol Energy's exclusive distributor, United Safety and Survivability Corporation. Pricing will not be disclosed for industry competitive purposes.

As an initial step, Grande West is immediately ordering two of BioCloud units for its offices and operations headquarters in Aldergrove to improve the safety considerations of its employees.

About Grande West Transportation Group

Grande West Transportation is a Canadian company that designs and engineers mid-size multi-purpose transit vehicles for public and commercial enterprises. Grande West utilizes world-class manufacturing partners to produce the *Purpose-Built* Vicinity™ medium and heavy-duty buses available in electric, CNG, gas and clean diesel drive systems. The Vicinity Lightning™ EV with an electric propulsion drive system is available for 2021 deliveries.

The Company has been successful in supplying Canadian municipal transportation agencies and private operators with new buses. Grande West is compliant to Buy America certification, and with a strong distribution chain in the U.S., is actively pursuing opportunities in public and private transit fleet operations that would benefit from Grande West's vehicles.

www.grandewest.com

www.vicinitybus.com

Completion of 2022 Debenture Exchange Private Placement

On December 16, 2020 Kontrol announced it has completed its previously announced debenture exchange (*see press release dated June 9, 2020 and November 2, 2020*) by private placement. The 2020 Debenture holders exchanged a total of \$3,650,000 for 2022 Debentures and new proceeds of \$911,000 were raised (includes new proceeds of \$251,000 from the December 30, 2020 closing. The remaining 2020 Debenture balance of \$2,061,000 was redeemed in cash by the Company. Each unit is comprised of one \$1,000 8% unsecured debenture (and non-convertible) of the Company maturing on October 31, 2022 and 10 common shares.

Intention to Begin Process of Uplisting to TSX, NASDAQ

On December 16, 2020 the Company's board of directors has authorized management to review the process to graduate the Company from the CSE to the TSX. If the Company is successful in uplisting to the TSX, Kontrol intends to, as soon as practical, begin the process of filing a Form F-1 Registration Statement with the Securities and Exchange Commission of the United States (the "**SEC**"), which will enable Kontrol to apply to be listed on the NASDAQ.

Completion of any uplisting is subject to meeting certain conditions, as well as the approval of the TSX. There is no assurance that the TSX will approve the listing application or that Kontrol will complete the uplisting as contemplated. There is no assurance that either the SEC or NASDAQ will approve the Company's respective applications or that Kontrol will complete the listing to the NASDAQ as proposed.

Emerging Markets Consulting LLC to provide Investor Relations Advisory Services

December 31, 2020 the Company announced that Emerging Markets Consulting, LLC (EMC) has been retained to provide investor and public relations services. EMC specializes in helping small and mid-sized public companies establish brand awareness and increase market share to its customer base while improving visibility to the institutional and retail investment community.

About Emerging Markets Consulting LLC

Based in Orlando, Florida, Emerging Markets Consulting, LLC (EMC) brings over 40 years combined experience in the investor relations industry. EMC is an international investor relations firm with affiliates around the world. EMC is relationship-driven and results-oriented with the goal of seeking attractive emerging companies and concentrating its resources and efforts to serve a limited number of high-quality clients. For more information, visit EMC's website at www.emergingmarketsllc.com

BioCloud® is not a medical device and the Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus).

** Adjusted EBITDA is a non-IRFS financial measure. The Company defines Adjusted EBITDA as net income or loss before interest, income taxes, amortization, and depreciation, share based compensation, and acquisition related expenses.*

Forward-Looking Statements

This report contains "forward-looking information" within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking information can be identified by words or phrases such as "may", "will", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy.

Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that sufficient capital will be available to the Company and that technology will be as effective as anticipated.

However, forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by such forward-looking statements. Such risks include, but are not limited to, that sufficient capital and financing cannot be obtained on reasonable terms, or at all, that technologies will not prove as effective as expected, that customers and potential customers will not be as accepting of the Company's product and service offering as expected, and government and regulatory

factors impacting the energy conservation industry. In particular, successful development and commercialization of the Kontrol BioCloud™ Analyzer (BioCloud™) are subject to the risk that the Kontrol BioCloud™ Analyzer may not prove to be successful in detecting the virus that causes COVID-19 effectively or at all, uncertainty of timing or availability of any regulatory approvals and Kontrol's lack of track record in developing products for medical applications.

Accordingly, undue reliance should not be placed on forward-looking statements and the forward-looking statements contained in this report are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as at the date hereof and are based on the beliefs, estimates, expectations, and opinions of management on such date. Kontrol does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking statements contained in any other documents whether as a result of new information, future events or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required under applicable securities law. Readers are cautioned to consider these and other factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information.

2. Provide a general overview and discussion of the activities of management.

The Company has the following directors and officers:

Paul Ghezzi – CEO and Director
Claudio Del Vasto – CFO and Director
Andrew Bowerbank – Director
Ernest William Belyea – Director
Joanna Osawe – Director
Zhengquan Chen – Director
Kristian Lavereau – COO

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

About Kontrol BioCloud

BioCloud™ is a real-time analyzer designed to detect airborne viruses. It has been designed to operate as a safe space technology by sampling the air quality over time. With a proprietary detection chamber that can be replaced as needed, viruses are detected, and an alert system is created in the Cloud or over local intranet. BioCloud™ has been designed for spaces where individuals gather including classrooms, retirement homes, hospitals, mass transportation and others.

BioCloud® is not a medical device and the Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus).

Kontrol Energy Corp. is a leader in the energy efficiency sector through IoT, Cloud and SaaS technology. With a disciplined mergers and acquisition strategy, combined with organic growth, Kontrol Energy Corp. provides market-based energy solutions to our customers designed to reduce their overall cost of energy while providing a corresponding reduction in greenhouse gas (GHG) emissions.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

The Company may enter into an agreement or agreements in connection to the private placement offerings, the Company proposes to retain one or more non-exclusive registered securities dealers to effect sales of, or act as finders of subscribers in respect of, the Units (the "Finders"); and to pay a selling commission or finder's fee to such Finders in cash and/or Broker Warrant Shares to purchase Shares of the Company for a price per share determined the Company and subject to compliance with applicable securities law and receipt of applicable regulatory approval, if any. Noting that the Broker's Warrant Shares are governed by the provisions of the Canadian Securities Exchange Policy 6 – Distributions.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None.

8. Describe the acquisition of new customers or loss of customers.

The Issuer Company continues to carry on business in the energy efficiency sector with a growing new customer base that is mainly comprised of commercial energy consumers.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Kontrol BioCloud

The Company is developing its BioCloud technology and has achieved several significant milestones, including the initial funding from the Government, positive testing of the detection mechanism, and positive testing of the BioCloud fully operational prototype. The Company seeks to complete testing with the live COVID-19 virus during the week of August 31 and will provide those results when available. The Company's objective is to have BioCloud commercially available to potential customers in 2020. There is no assurance that the Company can achieve this internal goal.

About Kontrol BioCloud

BioCloud is a real-time analyzer developed to detect airborne viruses. It has been designed to operate as a safe space technology by sampling the air quality over time. With a proprietary detection chamber that can be replaced as needed, viruses are detected, and an alert system is created in the Cloud or over local intranet. BioCloud has been designed for spaces where individuals gather including classrooms, retirement homes, hospitals, mass transportation and others. It can be an important technology which supports the entire system of individual testing and contact tracing.

The Company is not making any express or implied claims that its product has the ability to eliminate, cure or contain the COVID-19 (or SARS-2 Coronavirus) at this time.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

2020 8% Unsecured Debenture balance as at December 31, 2020 is nil. On December 15, 2020 the 2020 Debenture holders exchanged a total of \$3,650,000 for 2022 Debentures and new proceeds of \$911,000 were raised (includes new proceeds of \$251,000 from the December 30, 2020 closing. The remaining 2020 Debenture balance of \$2,061,000 was redeemed in cash by the Company.

7% Unsecured Debenture balance as at December 31, 2020 is \$921,750. This balance represents 75% of aggregate proceeds raised as per private placement terms and conditions. The debenture will bear interest at a rate of 7% per annum, payable monthly in arrears and will mature on April 25, 2021.

2024 8% Unsecured Convertible Debenture balance as at December 31, 2020 is \$280,000. The debenture will bear interest at a rate of 8% per annum, payable semi-annually and will mature on August 31, 2024. (Refer to Item 14 Details of securities issued).

2023 8% Unsecured Convertible Debenture balance as at December 31, 2020 is \$926,000. The debenture will bear interest at a rate of 8% per annum, payable semi-annually and will mature on June 30, 2023. (Refer to Item 14 Details of securities issued).

2022 8% Unsecured Debenture balance as at December 31, 2020 is \$4,561,000. Each unit is comprised of one \$1,000 8% unsecured debenture (and non-convertible) of the Company maturing on October 31, 2022 and 10 common

shares. The Company will make a bonus payment of 1% interest payable annually to the holders of the 2020 Debenture Units, in cash or in Common Shares, at the sole discretion of such holders.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
Common Shares (December 2020) Exercised Stock Options	20,000	Exercised Stock Options by employees/directors/officers/consultants of the Issuer as part of the Issuer's eligible Stock Option Plan, exercised at a price of \$1.25 per share.	\$25,000 to be used for general corporate purposes
Common Shares (December 2020) Conversion of 2023 Convertible Debentures	150,000	\$75,000 of 2023 8% Convertible Debentures were converted at a price of \$0.50 per share.	Not applicable
Stock Options (December 2020)	80,000	Incentive Stock Options. Holder of this security must not trade this security before the vesting terms specified below. Expires December 16, 2025. Exercisable at \$3.74	\$299,200 to be used for general corporate purposes (if exercised)
Debentures (December 2020) 2022 8% Debenture Offering	4,561	Each unit is comprised of one \$1,000 8% unsecured debenture (and non-convertible) of the Company maturing on October 31, 2022	\$4,561,000 the intention to use the net proceeds for future acquisitions of operating businesses and intellectual property (IP) and patent technology, software research and development

		and 10 common shares	initiatives, organic growth and general corporate purposes. The Company may use a portion of the net proceeds of the Offering to repay outstanding loans, and accumulated interest associated with the previous completed acquisitions, repayment of debentures, and for general working capital purposes.
Common Shares (December 2020) 2022 8% Debenture Offering	45,610	Each unit is comprised of one \$1,000 8% unsecured debenture (and non-convertible) of the Company maturing on October 31, 2022 and 10 common shares	Not Applicable
Broker Warrants (December 2020) 2022 8% Debenture Offering	89,705	Finder's fee to securities dealers or finders engaged by the Company issued a number of non-transferable common share purchase warrants (collectively, the " Broker's Warrants ") equal to the quotient obtained by dividing 7% of the aggregate principal amount of the 2022 Debentures issued to subscribers identified by the Finders by the 10 day volume	296,166.85 to be used for general corporate purposes (if exercised)

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		weighted average trading price (VWAP) of the Common Shares on the CSE as at the date of closing. Exercisable between \$2.71 and \$3.43. Each Broker's Warrants are exercisable at the VWAP for a period of 24 months from the date of issuance.	
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(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None.

16. Provide details of any changes in directors, officers or committee members.

None.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Cost of electricity has risen substantially across North America over the last decade. In addition, following the COP21 Paris Accord numerous states in the US and Provinces in Canada have either imposed a carbon tax policy or are in the late stages of creating such policies. Kontrol Energy Corp. intends to provide market based energy solutions to our customers designed to reduce their overall cost of energy while providing a corresponding reduction in Greenhouse Gas (GHG) emissions.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated **January 14, 2021**

Claudio Del Vasto
Name of Director or Senior
Officer



Signature

Chief Financial Officer
Official Capacity

<i>Issuer Details</i> Name of Issuer Kontrol Energy Corp.	For Month End December 2020	Date of Report YY/MM/DD 2021/01/14
Issuer Address 180 Jardin Drive, Unit#9, Vaughan, ON L4K 1X8		
City/Province/Postal Code Vaughan, Ontario	Issuer Fax No. ()	Issuer Telephone No. (905) 766.0400
Contact Name Claudio Del Vasto	Contact Position CFO	Contact Telephone No. (905) 766.0400 x1002
Contact Email Address admin@kontrolenergy.com	Web Site Address www.kontrolenergy.com	