

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **KNR**

Number of Outstanding Listed Securities: **29,055,242 common shares and 4,358,397 shares reserved for issuance**

Date: **February 4, 2019**

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.

On January 8, 2019, announced that it has launched a new IOT energy management hardware and software solution for the global commercial, multi-residential and hospitality real estate market named SmartSuite®. On December 1, 2016 Kontrol acquired the assets of LOG-1 EMS an energy management thermostat with more than 20,000 units deployed across Canada. The LOG-1 EMS has now been replaced and rebranded as the Kontrol SmartSuite® thermostat.

Beginning in Q1, 2019 Kontrol's existing customers will begin to pilot the SmartSuite® thermostat in commercial, multi-residential and hospitality buildings. Kontrol's customers include some of the largest REITS in North America. Providing in-suite energy management with rich analytics and user interfaces, the SmartSuite® thermostat delivers energy savings, comfort and measurable GHG reductions.

On January 11, 2019 Kontrol announced that it has submitted an application to have its common shares trading on the *OTCQB* Venture Market (the "OTCQB"). The listing of the Company's common shares on the OTCQB remains subject to the approval of the OTCQB and the satisfaction of applicable listing requirements. OTC Markets Group Inc. (OTCQX: OTCM) operates the OTCQX® Best Market, the OTCQB® Venture Market and the Pink® Open Market for 10,000 U.S. and global securities. Through OTC Link® ATS and OTC Link ECN, the company connects a diverse network of broker-dealers that provide liquidity and execution services. It enables investors to easily trade through the broker of their choice and empowers companies to improve the quality of information available for investors.

The OTCQB Venture Market offers early stage and developing international companies the benefits of being publicly traded in the U.S. with lower cost and complexity than a U.S. exchange listing. Streamlined market standards enable international companies not yet ready for the OTCQX Best Market to provide a strong baseline of transparency to inform and engage U.S. investors.

On January 14, 2019, Kontrol announced that through its operating subsidiary, *ORTECH Consulting Inc.* has been engaged to provide emission and odour compliance services to a Cannabis company based in Ontario. For industry competitive purposes the customer will not be disclosed.

On January 16, 2019, Kontrol announced that it has purchased the IP and Patents of Dimax Controls Canada Inc. (“Dimax”) and rebranded the energy software technology as Kontrol SmartSite®.

Following the successful acquisition of the operating assets of MCW Dimax Ltd. on April 30, 2018, Kontrol has now acquired the IP, formerly licensed to MCW Dimax Ltd., which includes 2 US patents and 1 Canadian patent. The transaction has been structured as an asset purchase.

The purchase price for IP and Patents Assets is 600,000 common shares of Kontrol at 70 cents per share and \$400,000 in cash to be paid over the course of 18 months, for a combined value of \$820,000. The common shares will be subject to a 3-year proportional escrow. A portion of the \$400,000 cash payment will be structured as a Vendor Take Back over 18 months.

Following the completion of the transaction Dimax will be rebranded as Kontrol SmartSite®. Kontrol SmartSite® is a building energy software technology designed to assist in the operation and management of complex heating, ventilation and cooling systems for large multi-residential, commercial, and mission critical buildings. Kontrol SmartSite® operates as a Software as a Service (SaaS) platform and is highly scalable. Kontrol SmartSite® currently operates in more than 200 buildings, spanning more than 20 Million square feet of real estate.

On January 30, 2019 Kontrol announced its reach into the global marketplace with the launch of its IoT technology for commercial, multi-residential and hospitality real estate markets worldwide.

Kontrol’s new SmartMax® Energy Gateway

SmartMax® is an intelligent energy technology that connects with and speaks to building automation systems and HVAC equipment, and immediately exports data to Kontrol’s cloud-based energy management software platform. The new technology is an expansion of Kontrol’s core innovation, which integrates smart energy devices, software and retrofits to help organizations reduce energy costs, increase net operating income, and increase property valuation

SmartMax® capabilities include:

- Fast installation (typically 1 hour or less)

- Immediate access to energy data
- Secure export to Kontrol's energy management system in the cloud
- Interoperability across building automation systems and HVAC equipment
- Immediate visibility into energy demand and consumption

“SmartMax is the third IoT product in our technology portfolio and is an evolution of our original DiMax technology currently operating in more than 200 buildings across North America,” says Forbes Silverthorne, VP Building Performance at Kontrol Energy. “Through SmartMax we are vastly extending our reach to provide a one-click technology that brings the benefits of data and analytics to building owners, asset managers and property managers on a global scale.”

ontrol's IoT technology can be rapidly deployed within any building. Through propriety technology Kontrol can gather data related to heating, cooling and electricity and send that data into Kontrol's cloud architecture where the data is analyzed in real-time. Through comparison and analysis to over 15 Billion data points spanning more than 200 buildings, Kontrol can quickly identify inefficiencies, savings and mission critical risk. With an ongoing cycle of review, analysis and adjustment building owners and managers can optimize their energy demand, energy consumption and generate significant savings while having instant visibility to building performance. Automated alerts and notifications allow for the potential to address problems more quickly and efficiently. The entire process is enhanced through machine learning over time.

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
Kristian Lavereau – COO and Director
Andrew Bowerbank – Director
Steve Smith – Director
Geoff LaFleur - Director**

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.

Kontrol Energy creates solutions and Internet of Things (IoT) enabled technologies leader in energy efficiency through IOT, Cloud, Blockchain and SaaS technology, designed to lower the energy consumption of buildings and optimize energy management while providing a corresponding reduction in Green House Gas (GHG) emissions.

Through a disciplined mergers and acquisitions strategy, combined with organic growth, Kontrol Energy Corp. intends to provide market-based energy solutions to our customers designed to reduce their overall cost of energy and their GHG emissions.

Kontrol's service offerings include deep energy retrofits, implementation of distributed generation systems, energy analytics and carbon reduction.

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.

None.

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.

8. On January 16, 2019 Kontrol Energy Corp. (the “Company”) announced that it has purchased the Intellectual Property (“IP”) and Patents of Dimax Controls Canada Inc. (“Dimax”) and rebranded the energy software technology as Kontrol SmartSite®. The IP which, among other things, is used for the monitoring of HVAC systems through software and cloud solutions technology (the ASSET);

Intellectual Property (IP) means all patents and inventions, trade-marks, all trade names and styles, including the trade names or styles related to the Products, logos and designs, trade secrets, technical information, engineering procedures, designs, know-how and processes (whether confidential or otherwise), testing procedures, internet protocol designs, all computer software specifically related to the Asset, all related codes, specifications, enhancements, modifications, documentation, and the development of the Asset to its current state.

Following the successful integration of the MCW Dimax team and operating assets into Kontrol Energy Group, the acquisition of the IP and patents will enable further technology development. The Kontrol SmartSite® technology will join Kontrol SmartSuite® in a growing portfolio of IOT enabled energy and property technologies for the Company.

Following the completion of the transaction Dimax will be rebranded as Kontrol SmartSite®. Kontrol SmartSite® is a building energy software technology designed to assist in the operation and management of complex heating, ventilation and cooling systems for large multi-residential, commercial, and mission critical buildings. Kontrol SmartSite® operates as a Software as a Service (SaaS) platform and is highly scalable. Kontrol SmartSite® currently operates in more than 200 buildings, spanning more than 20 Million square feet of real estate.

The Purchase Price payable by the Kontrol Energy Group Inc. (the “Purchaser”) to the Dimax Controls Canada Inc. (the “Vendor”) under the Purchase Agreement for the Purchased Assets shall be \$400,000 cash and 600,000 common shares of Kontrol Energy Corp. (the Parent company of Kontrol Energy Group Inc.).

The purchase price for IP and Patents Assets is 600,000 common shares of Kontrol at 70 cents per share and \$400,000 in cash to be paid over the course of 18 months, for a combined value of \$820,000. The common shares will be subject to a 3-year proportional escrow.

A portion of the \$400,000 cash payment will be structured as a Vendor Take Back over 18 months.

9. 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.

10. 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.

None.

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

None.

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

None.

13. 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.

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

8% Unsecured Debenture balance as at December 31, 2018 is \$5,264,000. The debenture will bear interest at a rate of 8% per annum, payable monthly in arrears and will mature on October 31, 2019.

7% Unsecured Debenture balance as at December 31, 2018 is \$884,250. 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.

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

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
Common Shares January 14, 2018	600,000	Shares issued to Dimax Controls Canada Inc. in connection to Acquisition of IP & Patents	Not applicable
Common Shares January 21, 2019	290,672	Shares issued as part of staff incentive and performance	Not applicable
Cancelled/Expired Warrants January 4, 2019	(36,990)	Finders Warrants cancelled/expired as per CSE Policy 6 – Distributions	Not applicable
Cancelled/Expired Warrants January 12, 2019	(21,510)	Finders Warrants cancelled/expired as per CSE Policy 6 – Distributions	Not applicable
Cancelled/Expired Warrants January 25, 2019	(135,000)	Finders Warrants cancelled/expired as per CSE Policy 6 – Distributions	Not applicable

(1) State aggregate proceeds and intended allocation of proceeds.

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

None.

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

None.

18. 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 February 4, 2019.

Claudio Del Vasto
Name of Director or Senior
Officer



Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer Kontrol Energy Corp.	For Month End January 2019	Date of Report YY/MM/DD 19/02/04
Issuer Address 180 Jardin Drive, Unit#9, Vaughan, ON L4K 1X8		
City/Province/Postal Code Mississauga, 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
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