

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **KNR**

Number of Outstanding Listed Securities: **29,778,419 common shares and 5,619,055 common shares reserved for issuance**

Date: **February 5, 2020**

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.

Kontrol Energy receives initial order from Beyond Meat

On January 9th, 2020 Kontrol Energy Corp. announces that through its wholly owned subsidiary (CEMSI), has received an initial order for \$150,000 US from Beyond Meat. A second order for \$150,000 US is anticipated to be received shortly hereafter.

“In less than 4 months we were able to validate and deploy a technology solution for process and quality improvements in real-time and entered a new market vertical with one of the world leading company’s in this industry,” says Paul Ghezzi, CEO of Kontrol Energy.

Under the terms of the pilot CEMSI provided 2 real-time analyzers and associated installation and monitoring services to assist in the rapid evaluation, measurement and validation of organic inputs. The first analyzer has been purchased and the second is anticipated to be purchased shortly hereafter.

“We are now in a position where we can deliver an important quality control and process improvement technology solution innovation to the plant-based meat substitutes industry. We are very pleased with the addition of Beyond Meat to our customer base,” says Gary Saunders, President of CEMSI. “We anticipate growing our revenues in this exciting new growth sector and adding new customers within the industry in 2020.”

Kontrol Energy Announces Plan of Arrangement for Spin-Off of Engineering Unit

On January 22, 2020, Kontrol announced its intention to spin-off its wholly owned subsidiary, Efficiency Engineering Inc. (“EEI”), a firm providing engineering services to industrial, municipal and commercial building owners across Canada. EEI provides its customers with detailed energy efficiency analysis, energy audits, management of facility system solutions, electrical and mechanical design, and energy conservation studies.

It is proposed that the spin-out would be effected by way of a plan of arrangement (the “Arrangement”) under the provisions of the *Business Corporations Act* (British Columbia) which would see shareholders of Kontrol receive an aggregate of 20,000,000 shares of EEI *pro rata* to their holdings of Kontrol as at the record date, and Kontrol would retain 4,000,000 shares of EEI post-Arrangement. Additional information regarding distributions to shareholders will be disclosed by way of circular in the coming weeks.

Following successful completion of the Arrangement, EEI will seek an independent listing of its common shares on the Canadian Securities Exchange (CSE), subject to meeting the requirements of the CSE.

The Arrangement is being undertaken by Kontrol to focus its efforts on its core business of developing its technology and solutions revenues, while seeking to maximize shareholder value of EEI by placing those assets in a separate public company. It is anticipated that the Arrangement will allow investors to more accurately evaluate Kontrol business relative to its peers and allow shareholders to participate in the growth opportunities that may become available through EEI's holding strategy.

Kontrol's board of directors has unanimously approved the arrangement and recommends that Kontrol's shareholders vote in favor of the arrangement at the special meeting of shareholders to be scheduled in the coming months. The Arrangement must be approved by a resolution passed by at least 66 $\frac{2}{3}$ % of the votes cast by the Kontrol shareholders present in person or by proxy at the meeting, as well as by approval of a majority of the minority shareholders in accordance with Multilateral Instrument 61-101. In addition to that approval, completion of the arrangement will be subject to certain customary conditions, including the approval of the BC Superior Court of Justice.

Details of the Arrangement and the meeting will be set out in Kontrol's management information circular that will be mailed to shareholders in respect of the meeting to approve the transaction.

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
Ernest William Belyea - 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.

The Company may enter into an agreement or agreements in connection to the 2020 8% Unsecured Debenture (the "Offering"), 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 not exceeding: a cash commission of 5% of the aggregate principal amount of the 2020 Debentures to purchasers identified by the Finder (the "Finder's Fee") and 30 non-transferable broker's warrants per Unit (the "Broker's Warrants"). Each Broker's Warrant will be exercisable to purchase one Share of the Company (the "Broker's Warrant Shares") at a price per share of \$0.70. Noting that any finder's fee paid is 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.

None.

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.

On October 31, 2019, the Corporation made arrangements to repay all principal and accrued but unpaid interest on the 8% Debentures, totalling \$1,534,000. No additional 2019 Debentures can be exchanged as all 2019 Debentures still outstanding as of their maturity date of October 31, 2019 were redeemed and cancelled in accordance with their terms.

2020 8% Unsecured Debenture balance as at January 31, 2020 is \$5,582,000. The debenture will bear interest at a rate of 8% per annum, payable monthly in arrears and will mature on October 31, 2020. Please refer to the Private Placement and Exchange of Debentures announcement dated March 13, 2019 for more information.

7% Unsecured Debenture balance as at January 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.

8% Unsecured Convertible Debenture balance as at January 31, 2020 is \$1,114,000. The debenture will bear interest at a rate of 8% per annum, payable semi-annually and will mature on August 31, 2024. Effective October 31, 2019, Kontrol will not complete any more closings of its convertible debenture offering, initially announced on June 14th, 2019. A total of \$1.3 Million was raised from the sale of convertible debentures.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Units (Units of bundled securities) January 20, 2020	91	Non-brokered private placement of units (the "Units"). The 2020 Debentures will be issued as part of a unit (each, a "Unit") comprised of one \$1,000 2020 Debenture and 50 common shares of the Company (each, a "Common Share").	\$91,000 Proceeds will be used to fund the acquisition of operating businesses, and technologies in the energy efficiency sector; and working capital
Common Shares January 20, 2020	4,550	See above details of issuance	See above use of proceeds

Broker Warrants January 20, 2020	2,730	The issuance of share purchase warrants of the Company (the Broker Warrants”) to the Broker equal to 3% of the aggregate principal amount of the Offering in broker warrants (the “Broker’s Warrants”) from the sale of the Units. Each Broker’s Warrant will be exercisable to purchase one additional common share of the Company (the “Broker’s Warrant Shares”) at a price of \$0.70 per share, for a period of 30 months from the closing date.	Value of \$1,911 Working capital
Common Shares January 21, 2020	214,846	Shares issued as part of staff stock purchase incentive and performance at a FMV of \$0.58 as at January 21, 2020	Not applicable

(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.

Mr. Ernest Belyea has joined the Board of Kontrol as an Independent Board Member. Mr. Belyea is a lawyer with a long history of working in the Electricity and Power Generation sector, was formerly in-house counsel to the Ontario Power Authority (now IESO) and a partner at two of Canada’s leading international law firms. Mr. Belyea is currently the CEO of Purus Power which has developed a patented proprietary platform technology that converts the variable flow of air, water or other mediums into electricity and mechanical power.

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 February 5, 2020

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, 2020	Date of Report YY/MM/DD 20/02/05
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	

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