

## FORM 9

### **NOTICE OF PROPOSED ISSUANCE OF LISTED SECURITIES** **(or securities convertible or exchangeable into listed securities<sup>1</sup>)**

Please complete the following:

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

Trading Symbol: **KNR**

Date: **December 30, 2020**

Is this an updating or amending Notice:  Yes  No

If yes provide date(s) of prior Notices: **December 17, 2020**

Issued and Outstanding Securities of Issuer Prior to Issuance: **39,007,078**

Date of News Release Previously Announcing Private Placement: **June 9, 2020 and November 2, 2020**

Closing Market Price on Day Preceding the Issuance of the News Release: **\$0.44 (Closing price as of June 8, 2020); and Closing Market Price on Day Preceding the filing of the AMENDED Notice of Proposed Issuance of Listed Securities: \$4.75 (Closing price as of September 17, 2020); and Closing Market Price on Day Preceding the filing of the AMENDED Notice of Proposed Issuance of Listed Securities: \$3.74 (Closing price as of December 16, 2020); and Closing Market Price on Day Preceding the filing of the AMENDED Notice of Proposed Issuance of Listed Securities: \$2.84 (Closing price as of December 29, 2020);**

1. Private Placement (if shares are being issued in connection with an acquisition (either as consideration or to raise funds for a cash acquisition), proceed to Part 2 of this form):

**On December 15, 2020, the Company 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 \$871,000 were raised. 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.**

Full Name & Residential Address of Placee	Number of Securities Purchased or to be Purchased	Purchase price per Security (CDN\$)	Conversion Price (if Applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed	Payment Date(1)	Describe relationship to Issuer (2)
E. Calvito Woodbridge, ON	40	Units, each unit consisting of a \$1,000 Debenture and 10 Common Shares (each, a "Unit" and collectively the "Units")	Not Applicable	NI 45-106 2.5 [Family, friends and business associates] (d)	1600 Common Shares 40000 Debentures	December 30, 2020 (subject to DAP)	None
G. Meschino Toronto, ON	116	Units, each unit consisting of a \$1,000 Debenture and 10 Common Shares (each, a "Unit" and collectively the "Units")	Not Applicable	NI 45-106 2.5 [Family, friends and business associates]	4160 Common Shares 250000 Debentures	December 30, 2020 (subject to DAP)	None
T. Road Toronto, ON	20	Units, each unit consisting of a \$1,000 Debenture and 10 Common Shares (each, a "Unit" and collectively the "Units")	Not Applicable	NI 45-106 2.3 (1) Accredited Investor	17160 Common Shares 126000 Debentures	December 30, 2020 (subject to DAP)	None
H. Earle Brampton, ON	50	Units, each unit consisting of a \$1,000 Debenture and 10 Common Shares (each, a "Unit" and collectively the "Units")	Not Applicable	NI 45-106 2.3 (1) Accredited Investor	Nil	December 30, 2020 (subject to DAP)	None

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M. Del Mundo Stouffville, ON	25	Units, each unit consisting of a \$1,000 Debenture and 10 Common Shares (each, a "Unit" and collectively the "Units")	Not Applicable	NI 45-106 2.3 (1) Accredited Investor	Nil	December 15, 2020 (subject to DAP)	None
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(1) Indicate date each placee advanced or is expected to advance payment for securities. Provide details of expected payment date, conditions to release of funds etc. Indicate if the placement funds been placed in trust pending receipt of all necessary approvals.

(2) Indicate if Related Person.

<sup>1</sup>An issuance of non-convertible debt does not have to be reported unless it is a significant transaction as defined in Policy 7, in which case it is to be reported on Form 10.

1. Total amount of funds to be raised: **Up to \$5,800,000**

2. Provide full details of the use of the proceeds. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material.

**The Company is proceeding with this Offering with the intention to use the net proceeds for future acquisitions of operating businesses and intellectual property (IP) and patent technology, software research and development initiatives, organic growth and general corporate purposes associated with the operations of Business of Kontrol. 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.**

3. Provide particulars of any proceeds which are to be paid to Related Persons of the Issuer: **Not applicable**

4. If securities are issued in forgiveness of indebtedness, provide details and attach the debt agreement(s) or other documentation evidencing the debt and the agreement to exchange the debt for securities. **Not applicable**

5. Description of securities to be issued:

(a) Class **Common Shares**

(b) Number up to: **58,000**

- (c) Price per security **\$5.00**
  - (d) Voting rights **Yes**
6. Provide the following information if Warrants, (options) or other convertible securities are to be issued: **Refer to Item 8 – Commission/Finders Fee**
- (a) Number:
  - (b) Number of securities eligible to be purchased on exercise of Warrants (or options):
  - (c) Exercise price:
  - (d) Expiry date:

7. Provide the following information if debt securities are to be issued:

- (a) Aggregate principal amount: **\$5,800,000**
- (b) Maturity date: **October 31, 2022**
- (c) Interest rate: **The Debentures shall bear interest from and including their date of issue at the rate of 8% per annum calculated monthly on the basis of a 365 day year or 366 day year, as applicable and payable on the last calendar day of each month.**

**The Debentures shall bear additional interest (the “Bonus Payment”) from and including their date of issue at the rate of 1% per annum calculated annually on the basis of a 365 day year or 366 day year, as applicable and payable annually in arrears on the anniversary of the date of issue of the Debentures (each, an “Bonus Interest Payment Date”). The Bonus Payment shall be payable in cash or in Common Shares, at the sole election of the holder of the Debenture; such Common Shares to be issued at a price per share equal to the volume weighted average trading price of the Common Shares on the Canadian Securities Exchange for the 5 trading days preceding the Bonus Interest Payment Date.**

- (d) Conversion terms: **Not applicable**
- (e) Default provisions:

**An event of default (“Event of Default”) in respect of the 2022 Debentures will occur if any one or more of the following described events has occurred and is continuing with respect to the 2022 Debentures: (a) failure for 15 days to pay interest on the 2022 Debentures when due, (b) failure to pay principal or premium, if any, on the**

2022 Debentures when due whether at maturity, by declaration or otherwise, (c) default in the observance or performance of any covenant or condition of the Indenture by the Issuer, and the failure to cure (or obtain waiver) such default for a period of 60 days after notice of same, (d) if a decree or order of a court having jurisdiction is entered adjudging the Issuer a bankrupt or insolvent under the *Bankruptcy and Insolvency Act (Canada)* or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Issuer, or appointing a receiver of, or of any substantial part of, the property of the Issuer or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days, (e) if the Issuer institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act (Canada)* or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Issuer or makes a general assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, (f) if a resolution is passed for the winding-up or liquidation of the Issuer, except in the course of carrying out or pursuant to a transaction in respect of which certain conditions are duly observed and performed. If an Event of Default has occurred and is continuing, the Debenture Trustee (Computershare Trust Company of Canada) may, in its discretion, and will, upon request of holders of not less than 25% in principal amount of the 2022 Debentures issued under the third supplemental indenture and indenture to be entered into between Computershare Trust Company of Canada and the Issuer (the "Indenture"), declare the principal of and interest on all outstanding 2022 Debentures issued under the Indenture to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of the 2022 Debentures issued under the Indenture then outstanding may, on behalf of the holders of all the 2022 Debentures issued under the Indenture, waive any Event of Default and/or cancel any such declaration upon such terms as such holders prescribe.

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the placement (including warrants, options, etc.):
  - (a) Details of any dealer, agent, broker or other person receiving compensation in connection with the placement (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):

**The Company may retain one or more non-exclusive registered securities dealers to effect sales of, or act as finders of subscribers for, the Units (the "Finders"); and to pay a selling commission or finder's fee to such Finders not exceeding: a cash commission of 7% of the aggregate principal amount of the 2022 Debentures issued to subscribers identified by the Finders (the "Finder's Fee") and 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 weighted average trading price (VWAP) of the Common Shares on the CSE, as at the date of closing, such pricing being subject to the policies of the CSE.

Each Broker’s Warrant will be exercisable to purchase one Common Share (each a “Broker’s Warrant Share”) at a price equal to the 10 day VWAP of the Common Shares on the CSE, calculated as at the date of closing (or at a price subject to the provisions of the Canadian Securities Exchange Policy 6 – *Distribution*), on or prior to the date that is 24 months from the closing date.

- (b) Cash: Up to 7% of Gross Proceeds
- (c) Securities: Broker Warrants
- (d) Other: Not applicable
- (e) Expiry date of any options, warrants etc.: 24 months from closing date
- (f) Exercise price of any options, warrants etc.:

**Based on the price equal to the 10 day VWAP of the Common Shares on the CSE, calculated as at the date of closing of December 30, 2020 Each Broker’s Warrant will be exercisable to purchase one Common Share (each a “Broker’s Warrant Share”) at a price of \$3.21**

9. State whether the sales agent, broker, dealer or other person receiving compensation in connection with the placement is Related Person or has any other relationship with the Issuer and provide details of the relationship

**Not applicable.**

10. Describe any unusual particulars of the transaction (i.e. tax “flow through” shares, etc.). Closing of the offering is subject to the Issuer receiving a minimum of two hundred outstanding 8% unsecured debentures of the Issuer maturing on October 31, 2020 in exchange for Units in the offering.

11. State whether the private placement will result in a change of control.  
**No.**

12. Where there is a change in the control of the Issuer resulting from the issuance of the private placement shares, indicate the names of the new controlling shareholders. **Not applicable.**

13. Each purchaser has been advised of the applicable securities legislation restricted or seasoning period. All certificates for securities issued which are subject to a hold period bear the appropriate legend restricting their transfer until the expiry of the applicable hold period required by National Instrument 45-102.

**Yes.**

## **2. Acquisition**

1. Provide details of the assets to be acquired by the Issuer (including the location of the assets, if applicable). The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: \_\_\_\_\_  
\_\_\_\_\_ .
2. Provide details of the acquisition including the date, parties to and type of agreement (eg: sale, option, license etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the acquisition without reference to any other material: \_\_\_\_\_  
\_\_\_\_\_ .
3. Provide the following information in relation to the total consideration for the acquisition (including details of all cash, securities or other consideration) and any required work commitments:
- (a) Total aggregate consideration in Canadian dollars: \_\_\_\_\_ .
  - (b) Cash: \_\_\_\_\_ .
  - (c) Securities (including options, warrants etc.) and dollar value: \_\_\_\_\_  
\_\_\_\_\_ .
  - (d) Other: \_\_\_\_\_ .
  - (e) Expiry date of options, warrants, etc. if any: \_\_\_\_\_ .
  - (f) Exercise price of options, warrants, etc. if any: \_\_\_\_\_ .
  - (g) Work commitments: \_\_\_\_\_ .
4. State how the purchase or sale price was determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).
5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer: \_\_\_\_\_  
\_\_\_\_\_ .

6. The names of parties receiving securities of the Issuer pursuant to the acquisition and the number of securities to be issued are described as follows:

Name of Party (If not an individual, name all insiders of the Party)	Number and Type of Securities to be Issued	Dollar value per Security (CDN\$)	Conversion price (if applicable)	Prospectus Exemption	No. of Securities, directly or indirectly, Owned, Controlled or Directed by Party	Describe relationship to Issuer <sup>(1)</sup>

(1) Indicate if Related Person

7. Details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: \_\_\_\_\_

8. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the acquisition (including warrants, options, etc.):

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the acquisition (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): \_\_\_\_\_

(b) Cash \_\_\_\_\_

(c) Securities \_\_\_\_\_

(d) Other \_\_\_\_\_

(e) Expiry date of any options, warrants etc. \_\_\_\_\_

(f) Exercise price of any options, warrants etc. \_\_\_\_\_

9. State whether the sales agent, broker or other person receiving compensation in connection with the acquisition is a Related Person or has any other relationship with the Issuer and provide details of the relationship. \_\_\_\_\_



10. If applicable, indicate whether the acquisition is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ .

**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 on behalf of the Issuer.
- 2. As of the date hereof there is not 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 CSE Policy 1).
- 4. All of the information in this Form 9 Notice of Issuance of Securities is true.

Dated: **December 30, 2020**

**Paul Ghezzi**  
\_\_\_\_\_  
Name of Director or Senior Officer



\_\_\_\_\_  
Signature

**CEO, Director**  
\_\_\_\_\_  
Official Capacity