

## 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: **July 31<sup>st</sup>, 2020**

Is this an updating or amending Notice:  Yes  No

If yes provide date(s) of prior Notices: **Not applicable**

Issued and Outstanding Securities of Issuer Prior to Issuance: **30,023,233**

Date of News Release Announcing Private Placement: **Not applicable**

Closing Market Price on Day Preceding the Issuance of the News Release: **\$0.60**  
**(market closing price as July 31, 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): **Not Applicable**

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)

(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: **Not applicable**
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. **Not applicable**
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
  - (b) Number up to:
  - (c) Price per security
  - (d) Voting rights
6. Provide the following information if Warrants, (options) or other convertible securities are to be issued: **Not applicable**
  - (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: **Not applicable**
  - (a) Aggregate principal amount: up to
  - (b) Maturity date:

- (c) Interest rate:
  - (d) Conversion terms:
  - (e) Default provisions:
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.):

**Not applicable**

- (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):
  - (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, 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.).
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:

**On July 31<sup>st</sup>, 2020, following the close of the business day, Kontrol Energy Corp. (the “Kontrol”) acquired 100% of the issued and outstanding shares and all the Intellectual Property (“IP”) of New Found Air HVAC Services Inc. (the “Company” or “NFA”). NFA leads a building energy and service platform that ensures the effective monitoring, operation and service of essential heating, cooling, ventilation, and utility systems. The operations of the Company consist of providing HVAC services for commercial, industrial and multi-residential units, including installation, monitoring and related services (the “Business”). Assets include working capital and equipment.**

**Intellectual Property (IP) mean all patents and inventions, trade-marks, including all trade names and styles, logos and designs, trade secrets, technical information, engineering procedures, designs, know-how and processes (whether confidential or otherwise), all computer software used in the Business, all related codes, specifications, enhancements, modifications, documentation, websites, domain names, web pages, and other industrial property (including applications for any of these) in each case used in the Business as presently constituted.**

**NFA provides its solutions to approximately 100 buildings, which in aggregate span more than 25 Million square feet of real estate**

**In some cases, Kontrol and NFA are currently providing separate services and solutions to the same customer. Together, Kontrol and NFA will focus on efficiently scaling recurring revenues in software, Internet of Things and services across their larger combined customer base and building footprint.**

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:

**The Purchase Price payable by the Kontrol Energy Corp. (the "Purchaser") to NFA. (the "Vendor") under the Share Purchase Agreement shall be \$2.7 Million; paid as \$1.55 Million in cash, \$750,000 vendor take-back loan having performance conditions, and the issuance of 727,272 Kontrol common shares at a deemed price of \$0.55 cents per share.**

**The issuance of 727,272 common shares in the capital of the Purchaser (collectively, the "Escrow Shares" at a price of 55 cents per common share for a total of four hundred thousand dollars (\$400,000) to the Vendor or as may otherwise directed in writing to the Purchaser. The Escrow Shares shall be held in escrow and proportionately released from escrow in the amount of 12 equal issuances every 3 months following July 31, 2020 (the "Closing Date").**

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: **\$2,700,000**

(b) Cash: **\$1,550,000**

(c) Securities (including options, warrants etc.) and dollar value:

**727,272 common shares of the Company at a price of \$0.55 per share; dollar value of \$400,000**

(d) Vendor take back (loan payable): \$750,000

(e) Expiry date of options, warrants, etc. if any: **Not applicable**

(f) Exercise price of options, warrants, etc. if any: **Not applicable**

(g) Work commitments: **Not applicable**

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).

**It was an arm's-length negotiation. The valuation was determined primarily based on historical EBITDA multiple, relevant industry**

**comparisons and the purchase price was approved by board resolution.**

5. Provide details of any appraisal or valuation of the subject of the acquisition known to management of the Issuer:

**Valuation was based primarily on a historical EBITDA multiple. Appraisals were not performed as it's a Service business with recurring revenues that does not own significant capital assets, but instead assets that include customer contracts that will supply the revenue.**

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>
Courtney Taylor	727,272 Common Shares	\$0.55 per share	Not applicable	NI 45-106 2.12 [Asset acquisition]	Nil	Not applicable

(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:

**Legal counsel involved in ensuring all searches Canadian IP and Patents are good standing.**

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.): **Not applicable**

- (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.

**Not applicable.**

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.

**Not applicable.**

## 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: **July 31<sup>st</sup>, 2020**

**Paul Ghezzi**

\_\_\_\_\_  
Name of Director or Senior  
Officer



\_\_\_\_\_  
Signature

**CEO, Director**

\_\_\_\_\_  
Official Capacity