



Kontrol Energy Announces Convertible Debenture Financing

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TORONTO, June 14th, 2019 / ACCESSWIRE - Kontrol Energy Corp. (CSE: KNR, OTCQB: KNRLF, FSE:1K8) ("Kontrol" or "Company") is pleased to announce a private placement offering of up to 4,000 convertible debentures of the Company (the "**Debentures**"), at a price of \$1,000 per Debenture, for gross proceeds of up to \$4,000,000 (the "**Offering**"). The Company intends to use net proceeds of the Offering to complete acquisitions, expand into the US market through its Smart Factory platform and for general corporate purposes.

The Debentures will bear interest at a rate of 8.0% per annum, payable on the last business day of each calendar quarter. The Debentures will be convertible in full or in part, at the holders' option, into Common Shares, at any time prior to their maturity at a conversion price of \$1.05 (the "**Conversion Price**"), representing a premium of approximately 25% to the \$0.85 volume weighted average trading price of the Common Shares for the 20 consecutive trading days ending on June 10, 2019. Holders converting their Debentures will receive a cash payment equal to accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, and including, the date of conversion.

At any time after the date that is eighteen months following the Closing Date, the Company may force the conversion of the principal amount of the then outstanding Debentures at the Conversion Price on not less than 30 days' notice if the volume weighted average trading price of the Common Shares for any 20 consecutive trading day period is greater than \$1.40.

The Company shall pay finders and brokers a cash commission equal to 6.5% of the gross proceeds from sales attributable to such persons. In addition, the Company will grant finders and introducing brokers common share purchase warrants (the "**Compensation Warrants**") equal to the quotient obtained by dividing 6.0% of the gross proceeds from sales attributable to such persons by \$1.05. Each Compensation Warrant shall be exercisable to purchase one Common Share of the Company at a price of \$0.90 for a period of 24 months from the Closing Date.

The Debentures will be unsecured obligations of the Company and will rank *pari passu* in right of payment of principal and interest with all of the existing and future unsecured senior indebtedness of the Company and will be issued pursuant to the terms of a debenture indenture to be entered into between the Company and a debenture trustee to be determined. The Debentures will be eligible for

RRSP, RESP, RRIF, TFSA and DPSP accounts and will be subject to a statutory hold period that extends four months and one day from the closing date of the Offering.

The Debenture will be offered and sold by private placement (i) in Canada to "accredited investors" within the meaning of NI 45-106 - *Prospectus Exemptions* and other exempt purchasers in each province of Canada, and (ii) outside Canada and the United States on a basis which does not require the qualification or registration of any of the Debentures or the Company. All securities issued under the Offering will be subject to a statutory four month hold period.

Closing of the Offering is subject to the satisfaction of customary conditions, including the approval of the CSE. The Offering is expected to be completed in multiple tranches, with the initial closing to occur on or about July 4th, 2019.

About Kontrol Energy

Kontrol Energy Corp. (CSE: KNR) (OTCQB: KNRLF) (FSE: 1K8) 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.

Additional information about Kontrol Energy Corp. can be found on its website at www.kontrolenergy.com and by reviewing its profile on SEDAR at www.sedar.com



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Forward-Looking Information

Certain information included in this press release, including information relating to future financial or operating performance and other statements that express the expectations of management or estimates of future performance constitute "forward-looking statements". Such forward-looking statements include,

without limitation, statements regarding the Offering, conversion of the Debentures, possible future trading prices of Kontrol's shares, possible future acquisitions and/or investments in operating businesses and/or technologies, accelerated organic growth, the provision of solutions to customers and greenhouse gas emissions reductions, proposed financial savings and sustainable energy benefits and energy monitoring. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief are based on assumptions made in good faith and believed to have a reasonable basis. Such assumptions include, without limitation, that the Offering will be successful, that the Debentures will be converted, that Kontrol's shares will trade at specified prices for specified periods of time, that suitable businesses and technologies for acquisition and/or investment will be available, that such acquisitions and or investment transactions will be concluded, that sufficient capital will be available to the Company, that technology will be as effective as anticipated, that organic growth will occur, and others. 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, weak demand for the Offering, Kontrol's common shares not attaining specified prices or for attaining and remaining at those prices for specified periods, lack of acquisition and investment opportunities or that such opportunities may not be concluded on reasonable terms, or at all, 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. Accordingly, undue reliance should not be placed on forward-looking statements and the forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as at the date hereof and the Company 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, except as required under applicable securities law.

The securities offered have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.