

## FORM 51-102F3 - MATERIAL CHANGE REPORT

### 1. Name and Address of Company

Kontrol Energy Corp.  
5045 Orbitor Drive  
Building 9, Suite 401  
Mississauga, Ontario L4W 4Y4

### 2. Date of Material Change

February 10, 2017.

### 3. News Release

The news release attached hereto as Schedule "A" announcing the material change described herein was released through Business Wire at Toronto, Ontario on February 10, 2017.

### 4. Summary of Material Change

As of February 10, 2017, the Company has acquired 100% of the common shares, business and operations of Ortech Consulting Inc. ("ORTECH") a pursuant to the terms outlined in a purchase and sale agreement and other ancillary documents.

ORTECH is a Canadian based, and will be an operating subsidiary of the Company, providing high quality Greenhouse Gas ("GHG") reporting, environmental permitting, air quality monitoring, emission and odour testing, gas analysis and renewable energy/power consulting services. ORTECH will continue to operate under its brand.

### 5. Full Description of Material Change

#### 5.1 Full Description of Material Change

ORTECH has a 20-year successful operating history and has a stable client base, including some of Canada's largest integrated oil and gas companies. A material portion of ORTECH's annual revenue is from multi-year recurring contracts. For the last fiscal year ending March 31, 2016, ORTECH reported audited gross revenues of \$5.3 Million and normalized EBITDA of \$940,000.

The aggregate purchase price for the acquisition is \$4.6 Million of which the Company has paid \$4.6 Million in cash on closing. No common shares were

issued as part of the acquisition. Ten (10%) of the purchase price will be held in escrow and be subject to any post-closing adjustments. In conjunction with the acquisition, the Company has closed on a \$4 Million secured bridge loan with the Pinnacle Absolute Return Trust. The bridge loan has a term of 6 months and is secured by the assets of the Company and of ORTECH. It is anticipated that the bridge loan will be replaced by long-term senior secured debt financing over the next 6 months.

With the recently announced Canadian Federal Government carbon tax, large emitters of GHG will be required to better track and verify their emissions. The ORTECH acquisition provides the Company with a leadership position in a rapidly growing market. Further, the acquisition aligns strategically with the Company's intention to create carbon reduction and monetization programs for our customers.

#### 5.2 Disclosure for Restructuring Transactions

Not Applicable.

#### 6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

#### 7. **Omitted Information**

Not Applicable.

#### 8. **Executive Officer**

The following is the name and telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Paul Ghezzi,  
Chief Executive Officer  
905.766.0400,  
[paul@kontrolenergy.com](mailto:paul@kontrolenergy.com)

9. **Date of Report**

February 15, 2017.



## **Kontrol Energy Completes Acquisition of Ortech Consulting Inc.**

TORONTO, February 10<sup>th</sup>, 2017 /CNW/ - **Kontrol Energy Corp. (CSE:KNR)** (the "**Company**") announces that it has completed the acquisition of Ortech Consulting Inc. ("**ORTECH**"). ORTECH is a leading engineering consulting firm specializing in Green House Gas ("**GHG**") reporting, air quality testing, emission testing and renewable energy/power consulting.

ORTECH has a 20-year successful operating history and has a stable client base, including some of Canada's largest integrated oil and gas companies. A material portion of ORTECH's annual revenue is from multi-year recurring contracts. For the last fiscal year ending March 31, 2016, ORTECH reported audited gross revenues of \$5.3 Million and normalized EBITDA of \$940,000.

"ORTECH is a leader and recognized brand in the Ontario GHG reporting and power generation market," says Paul Ghezzi, CEO of Kontrol Energy. "We are excited about the closing of this acquisition and we look forward to expanding ORTECH's unique services and solutions across Canada. With the recently announced Canadian Federal Government carbon tax, large emitters of GHG will be required to better track and verify their emissions. The ORTECH acquisition provides the Company with a leadership position in a rapidly growing market. Further, the acquisition aligns strategically with our intention to create carbon reduction and monetization programs for our customers," continues Paul Ghezzi.

The aggregate purchase price for the acquisition is \$4.6 Million of which the Company has paid \$4.6 Million in cash on closing. No common shares were issued as part of the acquisition. Ten (10%) of the purchase price will be held in escrow and be subject to any post-closing adjustments. In conjunction with the acquisition, the Company has closed on a \$4 Million secured bridge loan with the Pinnacle Absolute Return Trust. The bridge loan has a term of 6 months and is secured by the assets of the Company and of ORTECH. It is anticipated that the bridge loan will be replaced by long-term senior secured debt financing over the next 6 months. Darvin Zurfluh, CEO of Pinnacle Absolute Return Trustee Corp., as Trustee of the Pinnacle Absolute Return Trust, says, "We are pleased to have completed a successful financing with Kontrol Energy Corp."

Following the acquisition the Company anticipates consolidated annual revenues for 2017 will be in the range of \$10 to \$11 Million and annual EBITDA in the range of \$1.3 to \$1.5 Million.

**About Kontrol Energy Corp.**

**Kontrol Energy Corp. (CSE:KNR)** is a leader in energy efficiency solutions and technology. Through 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 Green House Gas (GHG) emissions.

*Additional information about Kontrol Energy Corp. can be found on its website at [www.kontrolenergy.com](http://www.kontrolenergy.com) and by reviewing its profile on SEDAR at [www.sedar.com](http://www.sedar.com)*

**Neither IIROC nor any stock exchange or other securities regulatory authority accepts responsibility for the adequacy or accuracy of this release.**

**Caution Regarding Forward Looking Statements:**

*Certain information included in this press release, including information relating to future payments of holdback amounts, possible future acquisitions, anticipated consolidated revenue and anticipated annual EBITDA; the provision of solutions to customers to reduce overall energy costs and greenhouse gas emissions reductions, carbon reduction and monetization programs, growth strategy, the replacement of the secured bridge loan with long-term senior secured debt financing and other statements that express the expectations of management or estimates of future performance constitute "forward-looking statements". The forward-looking statements in this press release are presented for the purpose of providing information about management's current expectations and plans and such information may not be appropriate for other purposes. The forward-looking statements. 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 ORTECH will be successfully integrated into the Company and that its revenues will be consistent with the Company's expectations, 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, that the Company will succeed in obtaining long-term senior secured debt financing, 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, lack of acquisition and investment opportunities or that such opportunities may not*

## Schedule "A"

*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 (including ORTECH'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.*

SOURCE Kontrol Energy Corp.

For further information: Paul Ghezzi, CEO, paul@kontrolenergy.com; Kontrol Energy Corp., 5045 Orbitor Drive, Bldg. 9, Suite 401, Mississauga, ON L4W 4Y4, Tel: 905.766.0400, Toll free: 1.844.866.8123