

Kontrol Energy Corp. enters into Letter of Intent to acquire up to 20 Megawatts of solar energy power generation assets under the Ontario Feed-in Tariff Program

TORONTO, May 4, 2017 /CNW/ - Kontrol Energy Corp. (**CSE:KNR**) (the "**Company**") announces that it has entered into a Letter of Intent (LOI) to acquire up to 20 megawatts (MW, net) of solar power generation assets, consisting of multiple solar energy generation sites operating across Ontario, Canada. All sites are under long-term power purchase agreements (PPAs) with the Government of Ontario Feed-in Tariff program as managed by the Independent Electricity System Operator (IESO). The IESO has an Issuer Credit Rating of 'A' and 'Aa2' from DBRS and Moody's respectively. Combined, the solar energy generation sites produce approximately \$10 Million of annual recurring revenue and \$7.5 Million of annual recurring EBITDA. The approximate net distributable cash flow after all expenses is approximately \$3 Million per annum in recurring cash flows for the next 18 years.



The average duration of the PPAs for the combined solar energy power generation assets is approximately 18 years.

"The long-term PPAs associated with these assets will add recurring and contracted cash flows to our existing operating cash flows," said Paul Ghezzi, CEO of the Company. "The successful completion of this transaction will accelerate our ability to build shareholder value and pay dividends. Given Kontrol's management team's experience in operating solar energy power generation assets, as well as managing long-term PPAs and the ability to optimize value, these solar power generation assets represent a potentially strong addition to our existing operations."

The purchase price for the acquisition is \$31 million, subject to working capital adjustments and other closing adjustments. Eighty percent of the total purchase price will be paid by issuing to the vendor units of Kontrol, each unit consisting of common share and one-quarter of a common share purchase warrant of Kontrol. The number of units issuable will be determined by dividing the portion of the purchase price payable in units by the volume weighted average price of such shares for the 75 days prior to closing of the acquisition. Each whole warrant partially comprising a unit will entitle the holder to purchase one Kontrol common share for a price of \$2.50 for a period of up to three years. The remaining twenty percent balance of the purchase price will be paid in cash. A hold-back of up to \$6 Million is contemplated for any adjustments that may be required.

The transaction is anticipated to close by July 31, 2017 subject to due diligence, regulatory approvals and satisfaction of closing conditions.

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 and by reviewing its profile on SEDAR at 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 the proposed acquisition of solar power generating assets, future annual recurring revenue an EBITDA, payments of holdback amounts, possible future acquisitions, anticipated consolidated revenue; the provision of solutions to customers to reduce overall energy costs and greenhouse gas emissions reductions, growth strategy, 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. 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 acquisition 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, 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, failure of the parties to the acquisition to fulfill closing conditions, 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.

SOURCE Kontrol Energy Corp.

View original content with multimedia:

<http://www.newswire.ca/en/releases/archive/May2017/04/c2926.html>

%SEDAR: 00024827E

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

CO: Kontrol Energy Corp.

CNW 15:19e 04-MAY-17