Kontrol Energy Announces Revised Pricing of Financing

written by Raj Shah | March 8, 2018

March 8, 2018 (Source) – Kontrol Energy Corp. ("Kontrol", or the "Company") (CSE: KNR, FSE: 1K8) is pleased to announce revised pricing terms on its previously announced best-efforts private placement offering (the "Offering") for gross proceeds of up to $10.0 million in subscription receipts ("Subscription Receipts"). Pursuant to the Offering, Kontrol will issue Subscription Receipts at a price of **$0.90 per Subscription Receipt.**

The purchasers of the Subscription Receipts will automatically receive, for no additional consideration and without any action on their part, for every Subscription Receipt held, one unit of the Company (a "Unit") comprised of one common share (a "Common Share") and one common share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder to acquire one common share at an **exercise price of $1.10 per share for a period of 60 months** following closing of the Offering.

The Warrants will not be subject to a warrant accelerator clause as previously announced by the Company. The Company will use commercially reasonable efforts to obtain the necessary approvals to list the Common Shares, the Warrants and the Common Shares issuable upon exercise of the Warrants on the Canadian Securities Exchange ("CSE"). All securities issued in the Offering will be subject to a four month hold period from the date of closing of the Offering.

The Offering is being led by Mackie Research Capital Corporation ("MRCC" or, the "Agent") acting as lead agent and sole bookrunner on behalf of a syndicate of agents, including Echelon Wealth Partners Inc. and Eight Capital.

The Company has also granted to the Agent an option (the "Over-Allotment Option") to offer up to an additional 15% in Subscription Receipts prior to closing of the Offering.

Members of management and the board plan to participate in the Offering alongside investors.

As previously announced, Kontrol has entered into a binding Letter of Intent ("LOI") on January 31, 2018 to acquire a profitable and fast growing blockchain software development firm (the "Target") operating a successful Software-as-a-Service ("SaaS") business that has demonstrated 100% recurring revenue (the "Acquisition"). Proceeds of the Offering will be used to fund the Acquisition and for other general corporate purposes.

The gross proceeds from the sale of Subscription Receipts pursuant to the Offering will be held in escrow pending satisfaction of all conditions precedent to the Acquisition. If the conditions precedent are satisfied at or before 5:00 p.m. (Toronto time) on the date which is 40 days after the closing of the Offering, the net proceeds from the sale of the Subscription Receipts will be released from escrow to the Company. If the conditions precedent to the Acquisition are not satisfied by 5:00 p.m. (Toronto time) within 60 days after the closing of the Offering then the purchase price for the Subscription Receipts will be returned *pro rata* to the subscribers, together with a *pro rata* portion of interest earned on the escrowed funds.

Completion of the Acquisition is subject to the parties completing a binding definitive agency agreement, completion of

the Offering, the satisfactory completion of due diligence by Kontrol, and the approval of the transaction by Board of Directors of Kontrol and appropriate regulatory approvals.

The Subscription Receipts will be offered in all provinces of Canada, including Québec. Completion of the Offering is subject to certain closing conditions, including the receipt of all necessary approvals of the CSE. Subject to satisfaction or waiver of all such conditions, closing of the Offering is expected to occur on or about the week of March 26, 2018.

This press release is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States or any other jurisdiction in which such an offer or solicitation is unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state laws. No public offering of securities will be made in the United States.

About Kontrol Energy

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

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 rate of growth of the Target, Kontrol's proposed acquisition of the Target's shares, the growth and nature of the Target's customer portfolio, potential incentive payments to the Vendors, the achievement of performance milestones, the development of applications by the Target, integration of the Target into Kontrol's existing businesses and blockchain technology across Kontrol's operating platform, Kontrol's anticipated growth in scale and revenue, including anticipated pro forma 2018 revenue and EBITDA run rate, and statements related to the Internet of Things and its potential, the provision of solutions to customers to reduce overall energy costs and greenhouse gas emissions reductions, carbon reduction and monetization programs, and statements concerning the brokered financing, including the amount to be raised, the satisfaction of conditions precedent to the acquisition, and the listing of securities issuable pursuant to the Offering, and Kontrol's anticipated pro-forma revenue, 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 purposes 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 Target will be successfully integrated into the Company and that its revenues and growth projections will be consistent and meet with the Company's expectations, that the revenue and EBITDA run rate of the Target and the Company's subsidiaries will be consistent with and meet the Company's expectations, that performance milestones will be achieved, 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 completing its proposed Offering, that all conditions precedent to the acquisition of the Target will be met within the required timeframes, 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, that the Target will not be successfully integrated or will not perform as expected, that the revenue and EBITDA run rate of the target and the company's subsidiaries will be less than expected, performance milestones will not be achieved, there being a 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 (including the Target's) product and service offering as expected, and government and regulatory factors impacting cryptocurrency generally and 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.