

**SUBSCRIPTION AGREEMENT FOR CONVERTIBLE DEBENTURES**

**INSTRUCTIONS:** To properly complete this Subscription Agreement:

- (1) Complete all boxes on these two face pages.
- (2) If you are subscribing under the family friends and business associates or employee, executive officer, director and consultant exemptions, initial next to the applicable paragraph in 3(e)(ii) or 3(e)(iii).
- (3) Complete and sign all of the required exhibits:
  - (i) If subscribing as an accredited investor, complete and sign Exhibit 1;
  - (ii) If subscribing as an accredited investor and you initialled category (j), (k) or (l) of the definition of "accredited investor" (see Exhibit 1), also complete and sign Exhibit 2;
  - (iii) Certain Saskatchewan subscribers must complete and sign Exhibit 3 (see section 3(e)(ii));
  - (iv) Certain Ontario subscribers must complete and sign Exhibit 4 (see section 3(e)(ii));
  - (v) All non-Canadian subscribers must complete and sign Exhibit 5; and
- (4) Return your completed documents to: Kontrol Energy Corp., 180 Jardin Drive, Unit #9, Vaughan, ON L4K 1X8, [admin@kontrolenergy.com](mailto:admin@kontrolenergy.com), Attention: Administration.

**This Subscription Agreement is comprised of 14 pages (not including Exhibits 1 through 6)**

**TO: KONTROL ENERGY CORP. (the "Corporation")**

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of \$1,000 8% unsecured convertible debentures of the Corporation maturing on August 31, 2024 (each, a "**Convertible Debenture**") set forth below for the aggregate subscription price set forth below (the "**Aggregate Subscription Price**"), representing a subscription price of \$1,000 per Convertible Debenture, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Convertible Debentures of Kontrol Energy Corp." attached hereto (together with the face pages and the attached exhibits, the "**Subscription Agreement**"). Upon satisfaction of certain conditions, the Convertible Debentures (i) may be converted, in full or in part, at the option of the Subscriber into Common Shares (as defined below) at any time prior to the maturity date at a conversion price of \$0.80 and (ii) at any time after the date that is eighteen months following the Closing Date (as defined below), the Corporation may force the conversion of the principal amount of the then outstanding Convertible Debentures at the conversion price of \$0.80 if the volume weighted average trading price of the Common Shares (as defined below) for any 20 consecutive trading day period is greater than \$1.25, in each case, on the terms set out in the certificate governing the Convertible Debentures, the form of which will be approved by the Corporation, and as further described in the term sheet attached as Exhibit 6 hereto (the "**Term Sheet**").

On the Closing Date (as defined below) the Convertible Debentures will be created and issued pursuant to the terms of a debenture indenture between the Corporation and Computershare Trust Company of Canada, in its capacity as trust agent thereunder, including any amendments, restatements, supplements, or other modifications thereto (the "**Indenture**"). **The purchaser acknowledges and agrees that the rights of holders of the Convertible Debentures may be modified under the Indenture pursuant to an extraordinary resolution approved either by the Convertible Debenture holders that attend or are represented at a duly convened meeting of Convertible Debenture holders that hold not less than 66 2/3 percent of the aggregate amount of outstanding principal of the then outstanding Convertible Debentures or by written consent of the Convertible Debenture holders that hold not less than 66 2/3 percent of the aggregate amount of outstanding principal of the then outstanding Convertible Debentures.** The description of the Convertible Debentures contained in the Term Sheet is a summary only and is subject to the detailed provisions of the Indenture. In the event of a conflict between the Term Sheet and the Indenture, the Indenture shall prevail.

_____ (Name of Subscriber - please print)
By: _____ (Authorized Signature)
_____ (Official Capacity or Title - please print)

<b>Number of Convertible Debentures:</b>
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<b>Aggregate Subscription Price:</b> (No. of Convertible Debentures x \$1,000 per Convertible Debenture)
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\_\_\_\_\_  
 (Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)

\_\_\_\_\_  
 (Subscriber's Residential Address)

\_\_\_\_\_  
 (Telephone Number)

\_\_\_\_\_  
 (E-Mail Address)

\_\_\_\_\_  
 (SIN # or Business Number):

**Disclosed Beneficial Purchaser Information:**

If the Subscriber is signing as agent for a principal pursuant to paragraph 3(f)(i) (the "**Disclosed Beneficial Purchaser**"), complete the following and ensure that either Exhibit 1 is completed on behalf of such Disclosed Beneficial Purchaser or initial the applicable paragraph (iii) or (iv) of subsection 3(e) on behalf of such Disclosed Beneficial Purchaser (and ensure that Exhibits 2, 3, 4, and 5, if applicable, are completed on behalf of such Disclosed Beneficial Purchaser):

\_\_\_\_\_  
 (Name of Disclosed Beneficial Purchaser)

\_\_\_\_\_  
 (Disclosed Beneficial Purchaser's Residential Address, Telephone Number and E-mail Address)

**Register the Convertible Debentures as set forth below:**

\_\_\_\_\_  
 (Name)

\_\_\_\_\_  
 (Account reference, if applicable)

\_\_\_\_\_  
 (Address)

\_\_\_\_\_

**Deliver the Convertible Debentures as set forth below:**

\_\_\_\_\_  
 (Name)

\_\_\_\_\_  
 (Account reference, if applicable)

\_\_\_\_\_  
 (Contact Name)

\_\_\_\_\_  
 (Address)

\_\_\_\_\_

**Subscriber's Present Holdings:**

The Subscriber represents that securities of the Corporation presently owned (beneficially, directly or indirectly) by the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) or over which the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) exercises control or direction, are as follows (***please indicate "nil" if you (or the Disclosed Beneficial Purchaser, if applicable) do not currently own or control any securities of the Corporation***):

Type of Securities Presently Owned	Number or Amount

The Subscriber represents that the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) is \_\_\_\_\_ or is not \_\_\_\_\_ (check one) an insider of the Corporation (as defined in the *Securities Act* (Ontario)).

The Subscriber represents that the Subscriber (or the Disclosed Beneficial Purchaser, if applicable) is \_\_\_\_\_ or is not \_\_\_\_\_ (check one) a registrant (as defined in the *Securities Act* (Ontario)).

**ACCEPTANCE:** The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

\_\_\_\_\_, 2019.

**KONTROL ENERGY CORP.**

By: \_\_\_\_\_

Subscription No.: \_\_\_\_\_

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR  
CONVERTIBLE DEBENTURES OF KONTROL ENERGY CORP.**

**Terms of the Offering**

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that this subscription is subject to rejection, acceptance or allotment by the Corporation in whole or in part.
2. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the Convertible Debentures subscribed for and purchased by it hereunder form part of a larger issuance and sale by the Corporation of up to 2,000 Convertible Debentures (the "**Offering**").

**Representations, Warranties and Covenants of the Subscriber**

3. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel, are relying thereon) that both at the date hereof and at the Closing Time (as defined herein):

- (a) it has been independently advised as to restrictions with respect to trading in the Convertible Debentures and common shares of the Corporation (the "**Common Shares**") issuable on conversion of the Convertible Debentures (collectively, the "**Securities**") imposed by applicable securities laws, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto other than as set forth herein, acknowledges that it is aware of the characteristics of the Securities, the risks relating to an investment therein and of the fact that it may not be able to resell the Securities except in accordance with limited exemptions under applicable securities laws and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; **and it agrees that any certificates representing the Securities are to bear the following legend indicating that the resale of such securities is restricted:**

"Unless permitted under securities legislation, the holder of this security must not trade the security before **[the date that is 4 months and a day after the Closing Date].**"

and the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it; and

- (b) other than the Term Sheet, it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than an annual report, annual information form, interim report, information circular or any other continuous disclosure document, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Convertible Debentures; and
- (c) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display and the internet) with respect to the distribution of the Convertible Debentures; and

- (d) it understands that the Convertible Debentures are being offered for sale only on a "private placement" basis and that the sale and delivery of the Securities is conditional upon such sale being exempt from the requirements as to the filing of a prospectus or, delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or delivery of an offering memorandum and, as a consequence (i) the Subscriber is restricted from using most of the civil remedies available under securities legislation, (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under securities legislation, and (iii) the Corporation is relieved from certain obligations that would otherwise apply under securities legislation; and
- (e) if the Subscriber is resident in or otherwise subject to applicable securities laws in Canada and is not purchasing under subsection 3(f), it is purchasing the Convertible Debentures as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Convertible Debentures, it is resident in, was offered the Convertible Debentures in and executed this Subscription Agreement in the jurisdiction of Canada set out as the "Subscriber's Residential Address" on the face page hereof and it fully complies with one or more of the criteria set forth below:

#### Accredited investor exemption

- (i) it (A) is an "accredited investor", as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**") promulgated under Canadian securities legislation or as defined in section 73.3(1) of the *Securities Act* (Ontario); (B) was not created and is not being used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; (C) has concurrently executed and delivered a Representation Letter in the form attached to this Subscription Agreement as Exhibit 1 and specifically represents and warrants that one or more of the categories set forth in Appendix A attached to the Representation Letter correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date (as defined herein), and the Subscriber has so indicated by initialling next to the category in such Appendix A which so describes it; and (D) if it initialled category (j), (k) or (l) in Appendix A, it has concurrently executed and delivered the "Form for Individual Accredited Investors" (Form 45-106F9) in the form attached to this Subscription Agreement as Exhibit 2 and the "Accredited Investor Questionnaire" attached to this Subscription Agreement as Appendix A to Exhibit 2 and specifically represents and warrants that one or more of the categories set forth in Section 3 of Exhibit 2 correctly, and in all respects, describes the Subscriber, and will describe the Subscriber as at the Closing Date (as defined herein), and the Subscriber has so indicated by initialling next to the category in such Section 3 which so describes it; or

#### Family, friends and business associates exemption

- (ii) it is one of the following and the Subscriber has so indicated by initialling next to the applicable paragraph below:

- \_\_\_\_\_ (l) a "**director**", "**executive officer**" or "**control person**" (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation, or of an "**affiliate**" (as defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and **if the Subscriber is resident in Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or

- \_\_\_\_\_ (II) a "**spouse**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement), parent, grandparent, brother, sister, child or grandchild of any person referred to in paragraph (I) above and **if the Subscriber is resident in Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or
- \_\_\_\_\_ (III) a parent, grandparent, brother, sister, child or grandchild of the spouse of any person referred to in paragraph (I) above and **if the Subscriber is resident in Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement;** or
- \_\_\_\_\_ (IV) a "**close personal friend**" of any person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with any such persons. For the purposes of this paragraph (IV), "close personal friend" means that the Subscriber has known such individual well enough and for a sufficient period of time and in a sufficiently close relationship (where such relationship is direct and extends beyond being a relative or a member of the same organization, association or religious group or a client, customer or former client or customer or being a close personal friend of a close personal friend of such individual) to be in a position to assess the capabilities and the trustworthiness of such individual and **if the Subscriber is resident in Saskatchewan or Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 or Exhibit 4, respectively, to this Subscription Agreement;** or
- \_\_\_\_\_ (V) a "**close business associate**" of any person referred to in paragraph (I) above and, if requested by the Corporation, will provide a signed statement describing the relationship with any of such persons. For the purposes of this paragraph (V) "close business associate" means that the Subscriber has had sufficient prior business dealings with such individual (where such relationship is direct and extends beyond being a casual business associate or a person introduced or solicited for the purpose of purchasing securities or a member of the same organization, association or religious group or a client, customer or former client or customer or being a close business associate of a close business associate of such individual) to be in a position to assess the capabilities and trustworthiness of such individual **and if the Subscriber is resident in Saskatchewan or Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 or Exhibit 4, respectively to this Subscription Agreement;** or
- \_\_\_\_\_ (VI) a "**founder**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Corporation and, if requested by the Corporation, will provide a signed statement describing the relationship with any of such persons **and if the Subscriber is resident in (a) Saskatchewan, and is a close personal friend or close business associate of a founder of the Corporation, the Subscriber has**

concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or (b) Ontario the Subscriber has concurrently executed the Risk Acknowledgement Form attached Exhibit 4 to this Subscription Agreement; or

- \_\_\_\_\_ (VII) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the Corporation and if the **Subscriber is resident in Ontario, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 4 to this Subscription Agreement; or**
- \_\_\_\_\_ (VIII) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in paragraphs (I) through (VII) above **and if the Subscriber is resident in (a) Saskatchewan, and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or (b) Ontario the Subscriber has concurrently executed the Risk Acknowledgement Form attached Exhibit 4 to this Subscription Agreement; or**
- \_\_\_\_\_ (IX) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (I) through (VII) above **and if the Subscriber is resident in (a) Saskatchewan, and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Exhibit 3 to this Subscription Agreement or (b) Ontario the Subscriber has concurrently executed the Risk Acknowledgement Form attached Exhibit 4 to this Subscription Agreement; or**

**Employee, executive officer, director and consultant exemption**

(iii) it is one of the following and the Subscriber has so indicated by initialling next to the applicable paragraph below:

- \_\_\_\_\_ (I) an employee, "**executive officer**", "**director**" or "**consultant**" (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the distribution is "voluntary", meaning it is not induced to participate in the distribution by expectation of employment or continued employment with, appointment or continued appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a "**related entity**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) or in the case of an employee to a consultant, expectation of employment or continued employment with such consultant; or
- \_\_\_\_\_ (II) an employee, "**executive officer**", "**director**" or "**consultant**" of a "**related entity**" (as such terms are defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of the Corporation and participation in the trade is voluntary (as

defined above); or

- \_\_\_\_\_ (III) a "**permitted assign**" (as such term is defined in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement) of a person referred to in paragraphs (I) or (II) and participation in the trade is voluntary (as defined above); and
- (f) if the Subscriber is resident in or otherwise subject to applicable securities laws in Canada and is not purchasing as principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Securities, it acknowledges that the Corporation may be required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Convertible Debentures for whom it may be acting, and it and each beneficial purchaser is resident in the jurisdiction set out as the "Subscriber's Residential Address" or the "Disclosed Beneficial Purchaser's Residential Address", as applicable, and the Subscriber is either:
- (i) acting as agent for a Disclosed Beneficial Purchaser, who is disclosed on the face page of this Subscription Agreement, who is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser's Residential Address" and who complies with one or more of **paragraphs of subsection 3(e) hereof** as if all references therein were to the Disclosed Beneficial Purchaser rather than to the Subscriber and the Subscriber has concurrently executed and delivered a Representation Letter in the form attached hereto as Exhibit 1 on behalf of such Disclosed Beneficial Purchaser, if applicable, or initialled the appropriate **paragraph (e)(ii) or (e)(iii) of subsection 3(e) hereof** (and executed and delivered Exhibit 2, 3, and/or 4, if applicable) on behalf of such Disclosed Beneficial Purchaser; or
  - (ii) deemed to be purchasing as principal under NI 45-106 because it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in Appendix A to Exhibit 1 of this Subscription Agreement (provided, however, that it is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada) and has concurrently executed and delivered a Representation Letter in the form attached hereto as Exhibit 1 and has initialled Appendix A thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of Appendix A thereto; and
- (g) if the Subscriber or any other purchaser for whom it is acting hereunder is resident in or otherwise subject to the applicable securities laws of a jurisdiction outside of Canada, it has concurrently executed and delivered a Representation Letter in the form attached to this Subscription Agreement as Exhibit 5 and will provide such evidence of compliance with all matters described in such Representation Letter as the Corporation or its counsel may request; and
- (h) it acknowledges that:
- (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities; and
  - (ii) there is no government or other insurance covering the Securities; and
  - (iii) there are risks associated with the purchase of the Convertible Debentures; and

- (iv) there are restrictions on the Subscriber's ability to resell the Securities and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Securities; and
- (v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Alberta), the *Securities Act* (British Columbia) and the *Securities Act* (Ontario) and other applicable securities laws and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta), the *Securities Act* (British Columbia) and the *Securities Act* (Ontario) and other applicable securities laws, including statutory rights of rescission or damages will not be available to the Subscriber; and
- (vi) the certificates representing the Securities will be endorsed with a legend stating that such Securities will be subject to restrictions on resale in accordance with applicable securities legislation; and
- (i) the Convertible Debentures have not been offered to the Subscriber (or any person on whose behalf the Subscriber is contracting) in the United States, and any person making the order to purchase the Convertible Debentures and executing and delivering this Subscription Agreement was not in the United States when the order was placed and this Subscription Agreement was executed and delivered, unless such person is a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States signing on behalf of a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a Disclosed Beneficial Purchaser which is not in the United States or a U.S. Person (as described below); and
- (j) it is not a U.S. Person (as defined in Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Convertible Debentures on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person; and
- (k) it is aware that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and that these securities may not be offered or sold in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Securities; and
- (l) it undertakes and agrees that it will not offer or sell any of the Securities in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available, and further that it will not resell the Securities, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules; and
- (m) it has not purchased the Convertible Debentures as a result of any form of directed selling efforts in the United States, as such term is defined in Regulation S under the U.S. Securities Act; and
- (n) it understands and acknowledges that the Corporation (i) is under no obligation to be or to remain a "foreign issuer", as such term is defined in the U.S. Securities Act, (ii) may not, at the time the



Subscriber sells the Securities or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions that could cause the Corporation not to be a foreign issuer; and

- (o) if it is not an individual, it pre-existed the offering of the Securities and has a bona fide business purpose other than the investment in the Convertible Debentures and was not created, formed or established solely or primarily to acquire securities, or to permit purchases of securities without a prospectus, in reliance on an exemption from the prospectus requirements of applicable securities legislation; and
- (p) if it is a corporation, partnership, trust, unincorporated association or other entity, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, trustees, fiduciaries, shareholders, partners, stakeholders, holders of voting securities or otherwise have been given and obtained; and
- (q) if it is an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and
- (r) the entering into of this Subscription Agreement and the transactions contemplated hereby will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber (or any person on whose behalf the Subscriber is contracting), or if the Subscriber (or any person on whose behalf the Subscriber is contracting) is not a natural person, any of such person's constating documents, or any agreement to which such person is a party or by which it is bound; and
- (s) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber; and
- (t) in the case of a subscription by it for Convertible Debentures acting as agent for a principal, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid and binding agreement of, such principal; and
- (u) it has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Convertible Debentures and is able to, and agrees to, bear the economic risk of loss of its investment or, where it is not purchasing as principal, each beneficial purchaser is able to, and agrees to, bear the economic risk of loss of its investment; and
- (v) it has relied solely upon publicly available information relating to the Corporation and not upon any verbal or other written representation as to fact or otherwise made by or on behalf of the Corporation; and
- (w) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation and not as counsel to the Subscriber (or any person on whose behalf the Subscriber is contracting); and
- (x) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Convertible Debentures; and
- (y) the acquisition of the Convertible Debentures hereunder by the Subscriber (and each person on whose behalf the Subscriber is contracting) will not result in the Subscriber (or any such person) becoming a "control person" in respect of the Corporation, as defined under applicable securities laws; and

- (z) no person has made to the Subscriber (or any person on whose behalf the Subscriber is contracting) any written or oral representations (i) that any person will resell or repurchase the Convertible Debentures or the underlying Securities (except in accordance with the articles of the Corporation), or (ii) that any person will refund the purchase price of the Convertible Debentures, or (iii) as to the future price or value of the Securities; and
- (aa) the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLA**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA; and to the best of its knowledge (i) none of the subscription funds to be provided by the Subscriber (A) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction, or (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith; and
- (bb) the Subscriber (including any person on whose behalf the Subscriber is contracting) has been encouraged to obtain independent legal, income tax and investment advice with respect to this subscription for Convertible Debentures and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber (and each person on whose behalf the Subscriber is contracting) for purposes of giving representations, warranties and covenants under this Subscription Agreement.

## Closing

4. The Subscriber agrees to deliver to *Kontrol Energy Corp., 180 Jardin Drive, Unit 9, Vaughan, ON L4K 1X8*, [admin@kontrolenergy.com](mailto:admin@kontrolenergy.com), Attention: Administration not later than 5:00 p.m. (Toronto time) on the day that is three business days before the Closing Date (as defined below): (a) this duly completed and executed Subscription Agreement, including all applicable exhibits; and (b) a certified cheque or bank draft payable to "Kontrol Energy Corp." for the Aggregate Subscription Price, or wire the Aggregate Subscription Price to:

Swift Code: ROYCCAT2  
Transit: 00458  
Institution: 003  
Account: 1012731

or payment of the same amount in such other manner as is acceptable to the Corporation. If this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the Aggregate Subscription Price will be promptly returned to it without interest. For the purposes hereof, "business day" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks in Toronto, Ontario are not open for business.

5. The sale of the Convertible Debentures pursuant to this Subscription Agreement will be completed at the offices of Kontrol Energy Corp. at 8:00 a.m. or such other time as is established by the Corporation (the "**Closing Time**") on such date as is established by the Corporation (the "**Closing Date**"). At the Closing Time, the Subscriber shall have delivered to the Corporation this Subscription Agreement and the Aggregate Subscription Price against delivery by the Corporation of the certificates representing the Convertible Debentures.

6. The Corporation shall be entitled to rely on an executed copy of this Subscription Agreement delivered via facsimile or electronically (including e-mail), and acceptance by the Corporation of such

executed copy of this Subscription Agreement shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document. If less than a complete copy of this Subscription Agreement is delivered to the Corporation at the Closing Time, the Corporation shall be entitled to assume that the Subscriber accepts and agrees with all of the terms and conditions of this Subscription Agreement on the pages not delivered at the Closing Time unaltered.

## General

7. The Subscriber, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the Subscriber's execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Securities. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Securities and the Subscriber agrees to indemnify and save harmless the Corporation and its affiliates, shareholders, directors, officers, employees, counsel and agents against all losses, claims, costs, expenses and damages or liabilities which any of them may suffer or incur which are caused or arise from a breach thereof. The Subscriber undertakes to immediately notify the Corporation at Kontrol Energy Corp., 180 Jardin Drive, Unit #9, Vaughan, ON L4K 1X8, [admin@kontrolenergy.com](mailto:admin@kontrolenergy.com), Attention: Administration of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

8. The obligations of the Corporation hereunder are subject to acceptance of the terms of the Offering by the Canadian Securities Exchange and any other required regulatory approvals.

9. The Corporation may retain one or more non-exclusive registered securities dealers to effect sales of, or act as finders of Subscribers in respect of, the Convertible Debentures. The Corporation may pay a selling commission or finder's fee to such securities dealer not exceeding (a) a cash commission of 7% of the gross proceeds from the sale of the Convertible Debentures attributable to such securities dealers and (b) common share purchase warrants equal to the quotient obtained by dividing 6.0% of the gross proceeds attributable to such securities dealers by \$0.80.

10. The Subscriber acknowledges that this Subscription Agreement and the exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility (or that of any Disclosed Beneficial Purchaser) to purchase the Convertible Debentures under applicable securities laws, preparing and registering certificates representing the Convertible Debentures to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The Subscriber's personal information (and that of any Disclosed Beneficial Purchaser) will be included in closing books prepared in connection with the Offering and may be disclosed by the Corporation to: (i) stock exchanges and/or securities regulatory authorities (including the Alberta Securities Commission, British Columbia Securities Commission, and Ontario Securities Commission); (ii) the Corporation's registrar and transfer agent; (iii) Canadian tax authorities; (iv) any of the other parties involved in the Offering, including legal counsel; and (v) other parties subsequent to the Offering, including legal counsel, reviewing closing books prepared in connection with the Offering. By executing this Subscription Agreement, the Subscriber (on its own behalf and on behalf of any Disclosed Beneficial Purchaser for whom it is contracting hereunder):

- (a) consents to the foregoing collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information;
- (b) consents to the filing of copies or originals of any of the Subscriber's documents delivered in connection with this Subscription Agreement as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated

hereby and expressly consents to the collection, use and disclosure of the Subscriber's (and any Disclosed Beneficial Purchaser's) personal information by the Canadian Securities Exchange for the purposes identified by such exchange, from time to time;

- (c) acknowledges that if the Subscriber is not resident in or otherwise subject to the securities laws applicable in a jurisdiction of Canada, the Subscriber information may be disclosed by the Corporation to the applicable securities regulatory authority (or authorities) or regulator in Canada;
- (d) acknowledges that the Corporation may be required to deliver a form to the applicable securities regulatory authority(ies) or regulator(s) containing personal information of the Subscriber, including full name, residential address, telephone number, number and type of securities purchased, and the total purchase price. This information is collected by the applicable securities regulatory authority(ies) or regulator(s) under the authority granted in securities legislation, for the purposes of the administration and enforcement of the securities legislation of the applicable jurisdiction(s). By submitting this subscription, the Subscriber authorizes the indirect collection of the information by the applicable securities regulatory authority(ies) or regulator(s). The title, business address, and business telephone number of the public official(s) in the applicable jurisdiction(s) who can answer questions about the collection of information described above are set out in section 10(f) below;
- (e) that Subscriber information disclosed to a securities regulatory authority (or authorities) or regulator in Canada is collected by such body or bodies under the authority granted in securities legislation, and that such Subscriber information is being collected for the purposes of the administration and enforcement of the securities legislation of the applicable jurisdiction; and
- (f) the Subscriber authorizes the indirect collection of the Subscriber information by the applicable securities regulatory authority (or authorities) or regulator; and the Subscriber acknowledges that it may contact the official at the applicable authority or regulator as set out below, who can answer questions about the indirect collection of Subscriber information by such authority or regulator:
  - (i) British Columbia Securities Commission, P.O. Box 10142, Pacific Centre 701 West Georgia Street, Vancouver, British Columbia V7Y 1L2, Attention: FOI Inquiries, Tel: (604) 899-6854, Toll free in Canada: 1-800-373-6393;
  - (ii) Alberta Securities Commission, Suite 600, 250 – 5th Street SW, Calgary, Alberta T2P 0R4, Attention: Corporate Secretary and Senior Legal Counsel, Tel: (403) 297-6454, Toll free in Canada: 1-877-355-0585;
  - (iii) Financial and Consumer Affairs Authority of Saskatchewan, Suite 601 - 1919 Saskatchewan Drive, Regina, Saskatchewan S4P 4H2, Attention: Deputy Director, Legal, Tel: (306) 787-5879;
  - (iv) The Manitoba Securities Commission, 500 – 400 St. Mary Avenue, Winnipeg, Manitoba R3C 4K5, Attention: Director, Tel: (204) 945-2548, Toll free in Manitoba 1-800-655-5244;
  - (v) Ontario Securities Commission, 20 Queen Street West, 22nd Floor, Toronto, Ontario M5H 3S8, Attention: Inquiries Officer, Tel: (416) 593-8314, Toll free in Canada: 1-877-785-1555;
  - (vi) Autorité des marchés financiers, 800, Square Victoria, 22e étage, C.P. 246, Tour de la Bourse, Montréal, Québec H4Z 1G3, Attention: Secrétaire Générale, Tel: (514) 395-0337 or 1-877-525-0337;

- (vii) Financial and Consumer Services Commission (New Brunswick), 85 Charlotte Street, Suite 300, Saint John, New Brunswick E2L 2J2, Attention: Privacy Officer, Tel: (506) 658-3060, Toll free in Canada: 1-866-933-2222;
- (viii) Nova Scotia Securities Commission, Suite 400, 5251 Duke Street, Duke Tower, P.O. Box 458, Halifax, Nova Scotia B3J 2P8, Attention: Director of Corporate Finance, Tel: (902) 424-7768;
- (ix) Prince Edward Island Securities Office, 95 Rochford Street, 4th Floor Shaw Building, P.O. Box 2000, Charlottetown, Prince Edward Island C1A 7N8, Attention: Superintendent of Securities, Tel: (902) 368-4569;
- (x) Government of Newfoundland and Labrador, Financial Services Regulation Division, P.O. Box 8700, Confederation Building, 2nd Floor, West Block, Prince Philip Drive, St. John's, Newfoundland and Labrador A1B 4J6, Attention: Director of Securities, Tel: (709) 729-4189;
- (xi) Government of Yukon, Department of Community Services, Law Centre, 3rd Floor, 2130 Second Avenue, Whitehorse, Yukon Y1A 5H6, Attention: Superintendent of Securities, Tel: (867) 667-5314;
- (xii) Government of the Northwest Territories, Office of the Superintendent of Securities, P.O. Box 1320, Yellowknife, Northwest Territories X1A 2L9, Attention: Deputy Superintendent, Legal & Enforcement, Tel: (867) 920-8984;
- (xiii) Government of Nunavut, Department of Justice, Legal Registries Division, P.O. Box 1000, Station 570, 1st Floor, Brown Building, Iqaluit, Nunavut X0A 0H0, Attention: Superintendent of Securities, Tel: (867) 975-6590.

11. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Convertible Debentures to the Subscriber shall be borne by the Subscriber.

12. The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Convertible Debentures be drawn up in the English language only. **Le soussigné reconnaît par les présentes avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière à la vente d'actions soient rédigés en anglais seulement.**

13. The contract arising out of this Subscription Agreement and all documents relating thereto is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

14. Time is of the essence hereof.

15. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

16. The terms and provisions of this Subscription Agreement are binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for as otherwise herein provided, this Subscription Agreement is not assignable by any party hereto without prior written consent of the other parties.

17. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

18. Neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

19. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement does not affect the validity, legality or enforceability of any other provision hereof.

20. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof.

21. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

22. In this Subscription Agreement (including the exhibits), references to "\$" are to Canadian dollars.

**EXHIBIT 1**

**REPRESENTATION LETTER  
(FOR CANADIAN RESIDENT ACCREDITED INVESTORS)**

**TO: KONTROL ENERGY CORP. (the "Corporation")**

*(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)*

In connection with the execution by the undersigned Subscriber of the Subscription Agreement of which this Representation Letter forms a part, the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) hereby represents, warrants, covenants and certifies to the Corporation that:

1. the undersigned Subscriber is resident in the jurisdiction set out as the "Subscriber's Residential Address" on the face page of the Subscription Agreement and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the "Disclosed Beneficial Purchaser's Residential Address" on the face page of the Subscription Agreement;
2. the undersigned Subscriber is either (a) purchasing the Convertible Debentures as principal for its own account, (b) deemed to be purchasing the Convertible Debentures as principal in accordance with subsection 2.3(2) or (4) of National Instrument 45-106 entitled "Prospectus Exemptions" ("**NI 45-106**"), or (c) acting as agent for a Disclosed Beneficial Purchaser who is purchasing the Convertible Debentures as principal for its own account;
3. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is an "accredited investor" within the meaning of NI 45-106 or section 73.3(1) of the *Securities Act* (Ontario) by virtue of satisfying the indicated criterion as set out in Appendix A to this Representation Letter;
4. the undersigned Subscriber (or if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) was not created, and is not used, solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; and
5. upon execution of this Representation Letter by the undersigned Subscriber, this Representation Letter, including Appendix A hereto, shall be incorporated into and form a part of the Subscription Agreement.

Dated: \_\_\_\_\_, 2019.

\_\_\_\_\_  
Print name of Subscriber

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name of Signatory (if different from the Subscriber)

\_\_\_\_\_  
Title

**IMPORTANT: PLEASE INITIAL THE APPLICABLE PROVISION(S) IN APPENDIX A ON THE FOLLOWING PAGES AND COMPLETE EXHIBIT 2, IF APPLICABLE.**

**APPENDIX A**

**TO EXHIBIT 1**

**NOTE: PLEASE MARK YOUR INITIALS BESIDE THE APPLICABLE CATEGORY OR CATEGORIES OF "ACCREDITED INVESTOR" TO WHICH YOU BELONG.**

**Accredited Investor** (defined in NI 45-106 and section 73.3(1) of the *Securities Act (Ontario)*) means:

<input type="checkbox"/>	(a) a Canadian financial institution, or a Schedule III bank;
<input type="checkbox"/>	(b) the Business Development Bank of Canada incorporated under the <i>Business Development Bank of Canada Act</i> (Canada);
<input type="checkbox"/>	(c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
<input type="checkbox"/>	(d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer; <b>Jurisdiction(s) registered</b> _____ <b>Category/ies of registration:</b> _____
<input type="checkbox"/>	(e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
<input type="checkbox"/>	(e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the <i>Securities Act</i> (Ontario) or the <i>Securities Act</i> (Newfoundland and Labrador); <b>Person with whom Subscriber is or was registered:</b> _____ <b>Jurisdiction(s) registered:</b> _____ <b>Category/ies of registration:</b> _____
<input type="checkbox"/>	(f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
<input type="checkbox"/>	(g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
<input type="checkbox"/>	(h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
<input type="checkbox"/>	(i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; <b>Jurisdiction(s) registered:</b> _____ <b>Registration number(s):</b> _____
<input type="checkbox"/>	(j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000; <b>A Subscriber under this category must complete <u>Exhibit 2 – Form 45-106F9 Risk Acknowledgement Form for Certain Accredited Investors</u> and <u>Appendix A to Exhibit 2 – Accredited Investor Questionnaire</u></b>



<input type="checkbox"/>	<p>(j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;</p> <p><b>A Subscriber under this category must complete <u>Appendix A to Exhibit 2 – Accredited Investor Questionnaire</u></b></p>
<input type="checkbox"/>	<p>(k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;</p> <p><b>A Subscriber under this category must complete <u>Exhibit 2 – Form 45-106F9 Risk Acknowledgement Form for Certain Accredited Investors and Appendix A to Exhibit 2 – Accredited Investor Questionnaire</u></b></p>
<input type="checkbox"/>	<p>(l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;</p> <p><b>A Subscriber under this category must complete <u>Exhibit 2 – Form 45-106F9 Risk Acknowledgement Form for Certain Accredited Investors and Appendix A to Exhibit 2 – Accredited Investor Questionnaire</u></b></p>
<input type="checkbox"/>	<p>(m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;</p> <p><b>Type of entity:</b> _____</p> <p><b>Jurisdiction and date of formation:</b> _____</p>
<input type="checkbox"/>	<p>(n) an investment fund that distributes or has distributed its securities only to</p> <p>(i) a person that is or was an accredited investor at the time of the distribution,</p> <p>(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [<i>minimum amount investment</i>] and 2.19 [<i>additional investment in investment funds</i>] of NI 45-106, or</p> <p>(iii) a person described in subparagraph (i) or (ii) that acquires or acquired securities under section 2.18 [<i>investment fund reinvestment</i>] of NI 45-106;</p>
<input type="checkbox"/>	<p>(o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;</p>
<input type="checkbox"/>	<p>(p) a trust company or trust corporation registered or authorized to carry on business under the <i>Trust and Loan Companies Act</i> (Canada) or (subject to paragraph (p.1)) under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;</p> <p><b>Jurisdiction(s) registered:</b> _____</p> <p><b>Registration number(s):</b> _____</p>
<input type="checkbox"/>	<p>(p.1) a trust company or trust corporation registered under the laws of Prince Edward Island and not registered under the <i>Trust and Loan Companies Act</i> (Canada) or under comparable legislation in another jurisdiction of Canada, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;</p> <p><b>Registration number(s):</b> _____</p>

<input type="checkbox"/>	<p>(q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;</p> <p><b>Jurisdiction(s) registered or authorized:</b> _____</p> <p><b>Category/ies of registration:</b> _____</p>
<input type="checkbox"/>	<p>(r) a registered charity under the <i>Income Tax Act</i> (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;</p> <p><b>Registration number(s) of Subscriber:</b> _____</p> <p><b>Name of eligibility adviser or registered adviser:</b> _____</p> <p><b>Jurisdiction(s) registered:</b> _____</p> <p><b>Category/ies of registration:</b> _____</p>
<input type="checkbox"/>	<p>(s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;</p> <p><b>Jurisdiction organized :</b> _____</p> <p><b>Type of entity:</b> _____</p>
<input type="checkbox"/>	<p>(t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;</p> <p><b>Each owner must complete and submit its own copy of this <u>Appendix A to Exhibit 1</u></b></p> <p><b>Name(s) of owner(s):</b> _____</p> <p><b>Category/ies of accredited investor:</b> _____</p>
<input type="checkbox"/>	<p>(u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;</p> <p><b>Name of adviser:</b> _____</p> <p><b>Jurisdiction(s) registered:</b> _____</p> <p><b>Category/ies of registration (if applicable):</b> _____</p> <p><b>Basis of exemption (if applicable):</b> _____</p>
<input type="checkbox"/>	<p>(v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or</p> <p><b>Jurisdiction(s) recognized or designated:</b> _____</p>

<input type="checkbox"/>	<p>(w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.</p> <p><b>Name(s) of settlor:</b> _____</p> <p><b>Name(s) of trustees:</b> _____</p> <p><b>Categories of accredited investor:</b> _____</p> <p><b>Categories of beneficiaries:</b> _____</p>
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**For the purposes hereof and the Subscription Agreement:**

**"affiliate"** means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person;

**"bank"** means a bank named in Schedule I or II of the *Bank Act* (Canada);

**"Canadian financial institution"** means

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
- (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

**"consultant"** means for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

- (a) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,
- (b) provides the services under a written contract with the issuer or a related entity of the issuer, and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer

and includes

- (d) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner; and
- (e) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;

**"control person"** has the same meaning as in securities legislation;

**"director"** means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

**"eligibility adviser"** means

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
  - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
  - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

**"entity"** means a company, syndicate, partnership, trust or unincorporated organization;

**"executive officer"** means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
- (c) performing a policy-making function in respect of the issuer;

**"financial assets"** means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

**"foreign jurisdiction"** means a country other than Canada or a political subdivision of a country other than Canada;

**"founder"** means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer;

**"fully managed account"** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

**"holding entity"** means a person that is controlled by an individual;

**"individual"** means a natural person, but does not include

- (a) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
- (b) a natural person in the person's capacity as trustee, executor, administrator or other legal personal representative;

**"investment fund"** means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c.429 whose business objective is making multiple investments;

**"jurisdiction"** means a province or territory of Canada except when used in the term "foreign jurisdiction";

**"local jurisdiction"** means the jurisdiction in which the applicable Canadian securities regulatory authority is situate;

**"mutual fund"** has the meaning ascribed to it under the securities legislation of the local jurisdiction;

**"non-redeemable investment fund"** means an issuer,

- (a) whose primary purpose is to invest money provided by its securityholders,
- (b) that does not invest:
  - (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
  - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- (c) that is not a mutual fund;

**"permitted assign"** means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,

- (a) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
- (b) a holding entity of the person,
- (c) a RRSP, RRIF or TFSA of the person,
- (d) a spouse of the person,
- (e) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,

- (f) a holding entity of the spouse of the person, or
- (g) a RRSP, RRIF or TFSA of the spouse of the person;

**"person"** includes

- (a) an individual,
- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

**"regulator"** means, for the local jurisdiction, the person referred to in Appendix D of National Instrument 14-101 opposite the name of the local jurisdiction;

**"related entity"** means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;

**"related liabilities"** means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

**"Schedule III bank"** means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

**"spouse"** means an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

**"subsidiary"** means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

## **Control**

Other than in respect of the definitions of "holding entity" or "related entity" above, a person (first person) is considered to control another person (second person) if

- (a) the first person beneficially owns or, directly or indirectly, exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and first person holds more than 50% of the interests of the partnership, or

- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

In respect of the definitions of "holding entity" and "related entity" above, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of

- (a) ownership of or direction over voting securities in the second person,
- (b) a written agreement or indenture,
- (c) being the general partner or controlling the general partner of the second person, or
- (d) being a trustee of the second person.

*All monetary references are in Canadian Dollars.*

**EXHIBIT 2**

**FORM FOR INDIVIDUAL ACCREDITED INVESTORS (FORM 45-106F9)**

**WARNING!**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

**SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER**

**1. About your investment**

Type of securities: \$1,000 8% Unsecured Convertible Debentures due August 31, 2024	Issuer: <b>Kontrol Energy Corp.</b>
Purchased from: Kontrol Energy Corp.	

**SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER**

**2. Risk acknowledgement**

This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> - You could lose your entire investment of \$ _____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> - You may not be able to sell your investment quickly - or at all.	
<b>Lack of information</b> - You may receive little or no information about your investment.	
<b>Lack of advice</b> - You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the sales person is registered, to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	

**3. Accredited investor status**

You must meet at least <b>one</b> of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	<b>Your initials</b>
<ul style="list-style-type: none"> <li>Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	

**4. Your name and signature**



By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form:	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>6. For more information about this investment</b>	
Kontrol Energy Corp., 180 Jardin Drive, Unit #9, Vaughan, ON L4K 1X8, <a href="mailto:admin@kontrolenergy.com">admin@kontrolenergy.com</a> , Telephone: 905.766.0400, Attention: Administration <a href="http://www.kontrolenergy.com">www.kontrolenergy.com</a>	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	

**Form instructions:**

1. *This form does not mandate the use of a specific font size or style but the font must be legible.*
2. *The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.*
3. *The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.*

**APPENDIX A**

**TO EXHIBIT 2**

**ACCREDITED INVESTOR QUESTIONNAIRE**

**Your annual net income before taxes (all sources):**

Most recent calendar year:  Less than \$49,999  \$50,000 – \$99,999  \$100,000 – \$149,999  \$150,000 – \$199,999  \$200,000 – \$299,000  \$300,000 – \$399,999  \$400,000 – \$500,000  Greater than \$500,000

Prior calendar year:  Less than \$49,999  \$50,000 – \$99,999  \$100,000 – \$149,999  \$150,000 – \$199,999  \$200,000 – \$299,000  \$300,000 – \$399,999  \$400,000 – \$500,000  Greater than \$500,000

**Your spouse's annual net income before taxes (all sources):**

Most recent calendar year:  Less than \$49,999  \$50,000 – \$99,999  \$100,000 – \$149,999  \$150,000 – \$199,999  \$200,000 – \$299,000  \$300,000 – \$399,999  \$400,000 – \$500,000  Greater than \$500,000

Prior calendar year:  Less than \$49,999  \$50,000 – \$99,999  \$100,000 – \$149,999  \$150,000 – \$199,999  \$200,000 – \$299,000  \$300,000 – \$399,999  \$400,000 – \$500,000  Greater than \$500,000

**Your estimated financial assets net of related liabilities:**

Less than \$249,999  \$250,000 – \$499,999  \$500,000 – 749,999  \$750,000 – \$1,000,000  
 \$1,000,001 – \$3,000,000  \$3,000,001 – \$5,000,000  Greater than \$5 million

Briefly describe the nature of your financial assets:

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**Your spouse's estimated financial assets net of related liabilities:**

Less than \$249,999  \$250,000 – \$499,999  \$500,000 – 749,999  \$750,000 – \$1,000,000  
 Greater than \$1 million

Briefly describe the nature of your spouse's financial assets:

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*“financial assets”* means cash, securities or a contract of insurance, a deposit or evidence of deposit that is not a security for the purposes of securities legislation. These financial assets are generally liquid or relatively easy to liquidate. The value of a purchaser's personal residence would not be included in a calculation of financial assets.

“related liabilities” means: (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or (ii) liabilities that are secured by financial assets.

**Your estimated total net assets:**

Less than \$499,999  \$500,000 – \$999,999  \$1,000,000 – 1,999,999  \$2,000,000 – \$2,999,999

3,000,000 – \$3,999,999  4,000,000 – \$4,999,999  \$5 million or more

Briefly describe the nature of your net assets:

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**Your spouse’s estimated total net assets:**

Less than \$499,999  \$500,000 – \$999,999  \$1,000,000 – 1,999,999  \$2,000,000 – \$2,999,999

3,000,000 – \$3,999,999  4,000,000 – \$4,999,999  \$5 million or more

Briefly describe the nature of your spouse’s net assets:

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“net assets” means all of the subscriber’s total assets minus all of the subscriber’s total liabilities, and those of the subscriber’s spouse if the subscriber’s spouse’s total net assets are being included to satisfy category (I) of the accredited investor definition. Accordingly, for the purposes of the net asset test, the calculation of total assets would include the value of a subscriber’s personal residence and the calculation of total liabilities would include the amount of any liability (such as a mortgage) in respect of the subscriber’s personal residence. To calculate a subscriber’s net assets, subtract the subscriber’s total liabilities from the subscriber’s total assets (including real estate). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of the security.

**Subscriber’s Signature**

**Spouse’s Signature (if applicable)**

\_\_\_\_\_  
Name: (Please type or print)

\_\_\_\_\_  
Name: (Please type or print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

Date: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT 3

SASKATCHEWAN RISK ACKNOWLEDGEMENT FORM (FORM 45-106F5)

**Risk Acknowledgement**  
**Saskatchewan Close Personal Friends and Close Business Associates**

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities.
- I will not be able to sell these securities for 4 months.
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus. I do have a 2-day right to cancel my purchase of these securities if I receive an amended offering document.

I am investing \$ \_\_\_\_\_ **[total consideration]** in total; this includes any amount I am obliged to pay in future.

I am a **close** personal friend or **close** business associate of \_\_\_\_\_ **[state name]**, who is a \_\_\_\_\_ **[state title - founder, director, executive officer or control person]** of Kontrol Energy Corp.

I acknowledge that I am purchasing based on my close relationship with \_\_\_\_\_ **[state name of founder, director, executive officer or control person]** whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

**I acknowledge that this is a risky investment and that I could lose all the money I invest.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

**WARNING**

### **You are buying Exempt Market Securities**

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

### **You may not receive any written information about the issuer or its business**

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

### **You will not receive advice**

Unless you consult your own professional advisers, you will not get professional advice about whether the investment is suitable for you.

### **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>.

***[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]***

**EXHIBIT 4**

**ONTARIO RISK ACKNOWLEDGEMENT FORM  
FOR FAMILY, FRIEND AND BUSINESS ASSOCIATE INVESTORS (FORM 45-106F12)**

**WARNING!**

**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.**

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER</b>	
<b>1. About your investment</b>	
<b>Type of securities:</b> \$1,000 8% Unsecured Convertible Debentures due August 31, 2024	Issuer: Kontrol Energy Corp.
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your Initials</b>
<b>Risk of loss</b> — You could lose your entire investment of \$ _____ <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> — You may not be able to sell your investment quickly — or at all.	
<b>Lack of information</b> — You may receive little or no information about your investment. The information you receive may be limited to the information provided to you by the family member, friend or close business associate specified in section 3 of this form.	
<b>3. Family, friend or business associate status</b>	
You must meet one of the following criteria to be able to make this investment. Initial the statement that applies to you:	<b>Your Initials</b>
A) You are:  1) <i>[check all applicable boxes]</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</li> <li><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</li> <li><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</li> <li><input type="checkbox"/> a founder of the issuer</li> </ul> OR  2) <i>[check all applicable boxes]</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</li> <li><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</li> </ul>	

<p>B) You are a family member of _____ <i>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse.</p> <p><i>[Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</i></p>		
<p>C) You are a close personal friend of _____ <i>[Instruction: Insert the name of your close personal friend]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>		
<p>D) You are a close business associate of _____ <i>[Instruction: Insert the name of your close business associate]</i>, who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>		
<b>4. Your name and signature</b>		
<p>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form. You also confirm that you are eligible to make this investment because you are a family member, close personal friend or close business associate of the person identified in section 5 of this form.</p>		
First and last name (please print):		
Signature:		Date:
<b>SECTION 5 TO BE COMPLETED BY PERSON WHO CLAIMS THE CLOSE PERSONAL RELATIONSHIP, IF APPLICABLE</b>		
<b>5. Contact person at the issuer or an affiliate of the issuer</b>		
<p><i>[Instruction: To be completed by the director, executive officer, control person or founder with whom the purchaser has a close personal relationship indicated under sections 3B, C or D of this form.]</i></p> <p>By signing this form, you confirm that you have, or your spouse has, the following relationship with the purchaser: <i>[check the box that applies]</i></p> <ul style="list-style-type: none"><li><input type="checkbox"/> family relationship as set out in section 3B of this form</li><li><input type="checkbox"/> close personal friendship as set out in section 3C of this form</li><li><input type="checkbox"/> close business associate relationship as set out in section 3D of this form</li></ul>		
First and last name of contact person <i>[please print]</i> :		
Position with the issuer or affiliate of the issuer (director, executive officer, control person or founder):		
Telephone:		Email:
Signature:		Date:

SECTION 6 TO BE COMPLETED BY THE ISSUER	
<b>6. For more information about this investment</b>	
Kontrol Energy Corp., 180 Jardin Drive, Unit #9, Vaughan, ON L4K 1X8, <a href="mailto:admin@kontrolenergy.com">admin@kontrolenergy.com</a> , Telephone: 905.766.0400, Attention: Administration	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	
Signature of executive officer of the issuer (other than the purchaser):	Date:

**Form instructions:**

- 1. This form does not mandate the use of a specific font size or style but the font must be legible.*
- 2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.*
- 3. The purchaser, an executive officer who is not the purchaser and, if applicable, the person who claims the close personal relationship to the purchaser must sign this form. Each of the purchaser, contact person at the issuer and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.*
- 4. The detailed relationships required to purchase securities under this exemption are set out in section 2.5 of National Instrument 45-106 Prospectus Exemptions. For guidance on the meaning of "close personal friend" and "close business associate", please refer to sections 2.7 and 2.8, respectively, of Companion Policy 45-106CP Prospectus Exemptions.*



## EXHIBIT 5

### REPRESENTATION LETTER

#### (FOR NON-CANADIAN RESIDENT INVESTORS EXCLUDING U.S. PERSONS)

**TO: KONTROL ENERGY CORP. (the "Corporation")**

*(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)*

In connection with the execution by the undersigned Subscriber of the Subscription Agreement which this Representation Letter forms a part of, the undersigned Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is resident in the jurisdiction set out as the "Subscriber's Residential Address" on the face page of the Subscription Agreement (the "**Foreign Jurisdiction**") and the undersigned Subscriber certifies that it and (if applicable) any other purchaser for whom it is acting hereunder is not resident in or otherwise subject to applicable securities laws of any province or territory of Canada.
2. The undersigned Subscriber and (if applicable) any other purchaser for whom it is acting hereunder, is a purchaser which is purchasing the Convertible Debentures pursuant to an exemption from any prospectus or securities registration or similar requirements under the applicable securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
3. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of a member state ("**Member State**") of the European Economic Area ("**EEA**") which has implemented Directive 2003/71/EC (the "**Prospectus Directive**") other than the United Kingdom, the Subscriber (as principal for its own account or acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement) represents and warrants that it is either:
  - (a) (1) a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and (2) is not acting as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, or, if so acting (i) the Convertible Debentures which it proposes to acquire are not being acquired on behalf of, nor are they being acquired with a view to their offer or resale to, persons in a Member State of the EEA other than qualified investors as defined in the Prospectus Directive or persons who have agreed to purchase at least €100,000 worth of Convertible Debentures; or (ii) where it proposes to acquire Convertible Debentures on behalf of persons in a Member State of the EEA other than qualified investors or persons who have agreed to purchase at least €100,000 worth of Convertible Debentures, the offer of those Convertible Debentures to it is not treated under the Prospectus Directive as having been made to such persons; or
  - (b) not a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and is purchasing at least €100,000 worth of Convertible Debentures(collectively, a "**permitted participant**").
4. If the undersigned Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable securities laws of the United Kingdom:

- (a) the Subscriber is either: (i) purchasing the Convertible Debentures as principal for its own account, (ii) acting as agent for a Disclosed Beneficial Purchaser who is disclosed on the face page of the Subscription Agreement and who is purchasing the Convertible Debentures as principal for its own account; or (iii) purchasing the Convertible Debentures on behalf of discretionary client(s) in circumstances where section 86(2) of the *Financial Services and Markets Act 2000* (as amended by the Financial Services Act 2012) ("**FSMA**") applies;
  - (b) the Subscriber (and if the undersigned Subscriber is purchasing as agent for a Disclosed Beneficial Purchaser, the Disclosed Beneficial Purchaser) is a person in the United Kingdom who: (i) is a permitted participant, (ii) is a "qualified investor" for the purposes of section 86(7) of the FSMA, (iii) is such a person as is referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the *Financial Services and Markets Act 2000* (Financial Promotion) Order 2005; and (iv) has complied with and undertakes to comply with all applicable provisions of the FSMA and other applicable securities laws with respect to anything done by it in relation to the Convertible Debentures in, from or otherwise involving the United Kingdom; and
  - (c) it confirms that, to the extent applicable to it, it is aware of, has complied and will comply with its obligations in connection with the *Criminal Justice Act 1993*, the *Proceeds of Crime Act 2002* and Part VIII of the FSMA, it has identified its clients in accordance with the Money Laundering Regulations 2007 (the "Regulations") and has complied fully with its obligations pursuant to the Regulations and will, as a condition precedent of any acceptance of this subscription, provide all such information and documents as may be required in relation to it (or any person on whose behalf it is acting as agent) that may be required by the Corporation or any agent or person acting for it in order to discharge any obligations under the Regulations.
5. The purchase of Convertible Debentures by the Subscriber, and any other purchaser for whom it is acting hereunder, does not contravene any of the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject and does not result in: (i) any obligation of the Corporation to prepare and file a prospectus or similar document; or (ii) any obligation of the Corporation to make any filings with or seek any approvals of any kind from any regulatory body in such jurisdiction or any other ongoing reporting requirements with respect to such purchase or otherwise; or (iii) any registration or other obligation on the part of the Corporation under the applicable securities laws in the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.
6. The Convertible Debentures are being acquired for investment purposes only and not with a view to the resale or distribution of all or any of the Securities.
7. The Subscriber, and any other purchaser for whom it is acting hereunder, are knowledgeable of, and have been independently advised as to, the securities laws of the Foreign Jurisdiction or any other securities laws to which the Subscriber and (if applicable) any other purchaser for whom the Subscriber is acting hereunder are otherwise subject.

8. Upon execution of this Exhibit by the undersigned Subscriber, this Exhibit shall be incorporated into and form a part of the Subscription Agreement.

Dated: \_\_\_\_\_, 2019.

\_\_\_\_\_  
Print name of Subscriber

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name of Signatory (if different from the  
Subscriber)

\_\_\_\_\_  
Title

**EXHIBIT 6**  
**TERM SHEET**



## KONTROL ENERGY CORP.

### Up to \$2,000,000 Non-Brokered Private Placement Offering of Convertible Debentures August 2019



#### About Kontrol

**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 can be found by reviewing its profile on SEDAR at [www.sedar.com](http://www.sedar.com)

#### Convertible Debenture Financing

Issuer:	KONTROL ENERGY CORP. (the “ <b>Company</b> ”)
Issue Size:	Up to \$2,000,000
Offered Securities:	Up to 2,000 unsecured convertible debentures (each, a “ <b>Convertible Debenture</b> ” and collectively the “ <b>Convertible Debentures</b> ”), convertible into common shares of the Company (“ <b>Common Shares</b> ”) at the Conversion Price (as defined below).
Issue Price:	\$1,000 per \$1,000 principal amount Convertible Debenture (the “ <b>Issue Price</b> ”).
Interest:	The Convertible Debentures shall bear interest at a rate of 8.0% per annum from and including their date of issue until the earlier of their date of conversion and the Maturity Date (as defined below), payable semi-annually in arrears in cash on December 31 and June 31 of each year. The first interest payment shall be on December 31, 2019 for the period from the Closing Date to December 31, 2019.
Conversion Privilege:	The Convertible Debentures may be converted in full or in part, at the holders’ option into Common Shares, at any time

prior to the Maturity Date, at a conversion price (subject to adjustment from time to time) of **\$0.80** (the “**Conversion Price**”). Holders converting their Convertible 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. Fractional Common Shares will not be issued on any conversion and in lieu thereof the Company will make a cash payment equal in value to such fractional Common Shares.

- Mandatory 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 Convertible Debentures at the Conversion Price on not less than 30 days' notice if the volume weighted average trading price of the Common Shares on the CSE for any 20 consecutive trading day period is greater than \$1.25.
- Maturity Date: The Convertible Debentures will mature on August 31, 2024 (the “**Maturity Date**”).
- Trust Indenture: The Convertible Debentures will be issued pursuant to the terms of a trust indenture (the “**Note Indenture**”) to be entered into as of the Closing Date between the Company and a trust company. The Trust Indenture will be consistent with the terms set out in this term sheet.
- Change of Control: Upon a Change of Control (as hereinafter defined) of the Company, holders of the Convertible Debentures will have the right, in their sole discretion, to require the Company to:
- (i) repurchase their Convertible Debentures, in whole or in part at a price equal to 104.0% of the principal amount of the Convertible Debentures then outstanding plus accrued interest thereon;
  - (ii) if the Change of Control results in a new issuer, convert the Convertible Debenture into a replacement debenture of the new issuer in the aggregate principal amount of 104.0% of the aggregate principal amount of the Convertible Debenture; or
  - (iii) convert the Convertible Debentures at the Conversion Price.
- For the purpose hereof, a “**Change of Control**” means (i) any event as a result of or following which any person, or group of persons “acting jointly or in concert” within the meaning of applicable Canadian securities laws, beneficially owns or exercises control or direction over an aggregate of more than 50.0% of the then outstanding Common Shares: (ii) the Company’s amalgamation, consolidation or merger

with or into any other person, any merger of another person into the Company, unless the holders of voting securities of the Company immediately prior to such amalgamation, consolidation or merger hold securities representing 50.0% or more of the voting control or direction in the Company or the successor entity upon completion of the amalgamation, consolidation or merger, or (iii) the sale or other transfer of all or substantially all of the consolidated assets of the Company to a third party. A Change of Control will not include a sale, merger, reorganization or other similar transaction if the previous holders of the Common Shares hold at least 50.0% of the voting shares of such merged, reorganized or other continuing entity.

- Rank: The Convertible Debentures will be unsecured obligations of the Company and shall rank pari passu in right of payment of principal and interest with all other Convertible Debentures issued under the private placement and all previously existing and future unsecured indebtedness of the Company.
- Placement Basis: The Convertible Debentures shall be offered for sale on a private placement basis in: (i) Canada to “accredited investors” within the meaning of National Instrument 45-106 or s.83.3(1) of the *Securities Act* (Ontario) and other exempt purchasers in each province of Canada, as agreed upon by the Company and the Agent (as hereinafter defined), (ii) in the United States to Qualified Institutional Buyers (within the meaning of Rule 144A) in compliance with applicable United States federal and state securities laws, and (iii) outside Canada and United States on a basis which does not require the qualification or registration of the Convertible Debentures or issuable Common Shares.
- Eligibility: The Convertible Debentures and the underlying Common Shares will be qualified investments under the *Income Tax Act* (Canada) for RRSPs, RRIFs, RESPs, RDSPs, TFSAs and DPSPs.
- Use of Proceeds: The Company intends to use the net proceeds for future acquisitions, organic growth and general corporate purposes.
- Exchange Listing: The existing Common Shares are currently listed on the Canadian Securities Exchange under the symbol “KNR”.
- Hold Period: The Convertible Debentures, and any Common Shares issued on the conversion thereof, will be subject to a statutory hold period in Canada of four months and one day after the Closing Date.
- Commission: The Company shall pay a cash commission (the “**Commission**”) to finders and brokers equal to 7.0% of the

gross proceeds from the sale of the Convertible Debentures attributable to such finders or brokers.

In addition, the Company agrees to grant to finders and brokers common share purchase warrants (the "**Compensation Warrants**") equal to the quotient obtained by dividing 6.0% of the gross proceeds attributable to such finders or brokers by \$0.80. Each Compensation Warrant shall be exercisable to purchase one Common Share of the Company at a price of \$0.80 for a period of 24 months from the Closing Date.

Closing Date:

The Offering may be completed in multiple tranches, with the initial closing to occur on or about August 31<sup>st</sup>, 2019 (the "**Closing Date**").