

**EARLY WARNING REPORT**  
**NATIONAL INSTRUMENT 62-103**

**1. Name and address of Offeror:**

Kulczyk Investments S.A. ("**KI**")  
13-15 Avenue de la Liberte  
L-1931 Luxembourg  
Luxembourg

**2. Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities of which the offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances:**

KI acquired ownership of 3,400,000 common shares ("**Common Shares**") of Loon Energy Corporation ("**Loon**") at a price of \$0.10 per Common Share for an aggregate subscription price of \$340,000, which represents approximately 17.0% of the total issued and outstanding Common Shares after completion of the Offering (as defined below). In addition, Radwan Investments GmbH ("**Radwan**") acquired ownership of 380,000 Common Shares at a price of \$0.10 per Common Share for an aggregate subscription price of \$38,000, which represents approximately 1.9% of the total issued and outstanding Common Shares after completion of the Offering.

Radwan may be considered to be a joint actor to KI, as a result of an agreement in place between Radwan and KI dated September 15, 2010, which entitles Radwan to participate in a percentage of KI's investments and provides that Radwan will vote any securities it purchases pursuant to such agreement in accordance with the directions of KI.

The Common Shares acquired by KI and Radwan were issued by Loon pursuant to a private placement of 10,000,000 Common Shares by Loon (the "**Offering**") at a price of \$0.10 per Common Share for aggregate proceeds of \$1,000,000.

**3. Designation and number or principal amount of securities and the offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release:**

6,755,209 Common Shares, representing, in aggregate, approximately 33.9% of the outstanding Common Shares are held by KI. 752,768 Common Shares representing, in aggregate, approximately 3.8% of the outstanding Common Shares are held by Radwan. Collectively, KI and Radwan hold 7,507,977 Common Shares representing in aggregate, approximately 37.6% of the outstanding Common Shares.

**4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:**

- (i) **the offeror, either alone or together with any joint actors, has ownership and control,**

KI holds 6,755,209 Common Shares (approximately 33.9%).

Radwan holds 752,768 Common Shares (approximately 3.8%).  
KI and Radwan collectively hold 7,507,977 Common Shares (approximately 37.6%).

- (ii) **the offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the offeror or any joint actor, and**

Dr. Jan Kulczyk, beneficially owns or controls, directly or indirectly, 68.33% of the outstanding shares of KI.

- (iii) **the offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:**

Not applicable.

5. **The name of the market in which the transaction or occurrence that gave rise to the news release took place:**

The Common Shares were issued pursuant to a private placement by Loon. The Common Shares are listed on the TSX Venture Exchange.

6. **The purpose of the offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

KI and Radwan agreed to acquire the Common Shares to retain their shareholding percentages in Loon.

7. **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

Each of KI and Radwan entered into subscription agreements with Loon whereby they agreed to purchase the Common Shares and provided certain representations as to their qualification to purchase such Common Shares under exemptions from the prospectus requirement of applicable Canadian securities laws.

8. **The names of any joint actors in connection with the disclosure required by this report:**

Radwan may be considered to be a joint actor of KI as a result of an agreement in place between Radwan and KI, dated September 15, 2010, which entitles Radwan to participate in a percentage of KI's investments and provides that Radwan will vote any securities it purchases pursuant to such agreement in accordance with the directions of KI.

9. **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the offerors:**

Loon issued the Common Shares pursuant to the Offering at a price of \$0.10 per Common Share which resulted in an aggregate cash purchase by KI and Radwan of \$340,000 and \$38,000, respectively.

**10. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 in respect of the reporting issuer's securities:**

Not applicable.

**11. If applicable, a description of the exemption from securities legislation being relied on by the offeror and the facts supporting the reliance:**

As KI and Radwan are accredited investors pursuant to National Instrument 45-106 – *Prospectus and Registration Exemptions* ("NI 45-106"), Section 2.3 of NI 45-106 was relied upon with respect to the issuance of the Common Shares.

DATED as of the 7<sup>th</sup> day of June, 2012.