



## Loon Energy Announces Debt Settlements to Strengthen Balance Sheet

**Calgary, Alberta: October 13, 2020 – Loon Energy Corporation (NEX: LNE.H) (“Loon” or the “Company”)** is pleased to announce that it has entered into debt settlement agreements with its directors and officers (the **“Related Parties”**) in respect of an aggregate of US\$202,216 owing as bonuses awarded and payable since February 21, 2017 (the **“Bonuses Payable”**) and certain notes payable issued in exchange for funds loaned to the Company in the aggregate amount of US\$587,941 (the **“Notes Payable”**).

The directors and officers have agreed to forgive an aggregate of US\$143,841 of the Bonuses Payable and settle the balance of the Bonuses Payable and the Notes Payable, in aggregate US\$646,316, by way of issuance of common shares at a price per share of CDN\$0.05 or otherwise in accordance with the policies of the TSX Venture Exchange (**“TSXV”**). Any interest accrued and owing pursuant to the Notes Payable since June 30, 2020 will also be forgiven. Assuming an exchange rate of 1.32 the total amount to be settled by way of issuance of common shares is CDN\$853,134 and assuming a settlement price of CDN\$0.05 per share, the Company plans to issue a total of 17,062,680 common shares (the **“Share Issuances”**). The Share Issuances are subject to TSXV and shareholder approval. The Company intends to call an annual and special meeting of shareholders (**“AGM”**) for purposes of approving the annual matters and the Share Issuances.

The participation by each of the Related Parties in the Share Issuances constitutes a “related party transaction” as such term is defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (**“MI 61-101”**) under applicable securities laws. Under MI 61-101, the Company is relying on an exemption from the formal valuation requirement and will seek a majority of the minority approval of the shareholders for the Share Issuances. The participation by each Related Parties in the Share Issuances was approved by directors of the Company who are independent of the Related Parties for purposes of each Share Issuance. The Common Shares issued pursuant to the Share Issuances will be subject to a 4-month statutory hold period from the date of issuance of the shares.

### About Loon Energy

Loon was incorporated under the *Business Corporations Act* (Alberta) in the fourth quarter of 2008 and carried on business as an international oil and gas exploration company until 2017. Its registered and head office is in Calgary, Alberta. Loon is a “reporting issuer” within the meaning of the *Securities Act* (Alberta), the *Securities Act* (Ontario) and the *Securities Act* (British Columbia). The common shares of Loon (the **“Loon Shares”**), currently listed on the NEX Board (**“NEX”**) of the TSX Venture Exchange (the **“TSXV”**), resumed trading on October 8, 2020 after having been suspended since September 2018 pending completion of a business combination with a third party that was announced in September 2018 and terminated in April 2020.

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