

Loon Energy Enters into Letter of Intent for a Reverse Takeover Transaction with Optimind Pharma Inc.

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Toronto, Ontario, November 16, 2021 – Loon Energy Corporation (the “**Corporation**”) (TSXV: LNE) and Optimind Pharma Inc. (“**Optimind**”) are pleased to announce they have entered into a letter of intent (the “**LOI**”) dated November 16, 2021, which outlines the general terms and conditions of a proposed business combination, by way of an amalgamation transaction, which will result in Optimind becoming a wholly-owned subsidiary of the Corporation (the “**Transaction**”). The Corporation, after completion of the Transaction, is referred to as the “**Resulting Issuer**”.

Terms of the Transaction

Pursuant to the terms and conditions of the LOI, the Corporation and Optimind will negotiate and enter into a definitive agreement (the “**Definitive Agreement**”) incorporating the principal terms of the Transaction as described in the LOI and this press release. There is no assurance that a Definitive Agreement will be successfully negotiated or entered into.

The LOI was negotiated at arm’s length. The terms and conditions outlined in the LOI are expected to be superseded by the Definitive Agreement. Pursuant to the Transaction, all of the issued and outstanding common shares of Optimind (“**Optimind Shares**”) will be exchanged for post-consolidated common shares of the Resulting Issuer (the “**Resulting Issuer Shares**”) at an exchange ratio to be set out in the Definitive Agreement. Upon completion of the Transaction and excluding the Resulting Issuer Shares issued pursuant to the Concurrent Financing, it is anticipated that Optimind shareholders will own approximately 90% of the issued and outstanding Resulting Issuer Shares, and the Corporation’s shareholders will own approximately 10% of the issued and outstanding Resulting Issuer Shares. It is intended that any outstanding stock options and warrants of Optimind and the Corporation will be exercisable for comparable securities of the Resulting Issuer on the same economic terms.

As a result of the Transaction, the Resulting Issuer will indirectly carry on the business of Optimind and will change the Resulting Issuer’s name to “Optimind Pharma Inc.” or such other name as determined by Optimind and any other relevant regulatory authorities (the “**Name Change**”). If the Transaction is completed, at the closing, the current directors of the Corporation will resign and be replaced by the nominees of Optimind and the Corporation in accordance with corporate law.

As part of the Transaction, the Corporation has agreed to settle up to \$175,000 of debt with certain creditors of the Corporation by way of issuance of common shares of the Corporation at a price of \$0.095 per share (the “**Debt Settlement**”). The Debt Settlement will only be completed immediately prior to closing of the Transaction in order for the Corporation not to have any material liabilities on closing. If the full amount of Debt Settlement is completed, the Corporation would issue an additional 1,842,105 common shares of the Corporation on a pre-Consolidation (defined below) basis. The common shares issued pursuant to the Debt Settlement will be subject to a four-month hold period. The Debt Settlement will be completed with insiders of the Corporation (the “**Related Parties**”) and as such 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**”). The Corporation is exempt from the MI 61-101 valuation and minority approval requirements for related party transactions in connection with the Debt Settlement under sections 5.5(a) and (b) and 5.7(a) of MI 61-101.

The Corporation will also make an application to voluntarily delist its common shares from the TSX Venture Exchange (“**TSXV**”) and seek a listing of its common shares on the Canadian Securities Exchange (“**CSE**”) as part of the Transaction. The Transaction constitutes a reverse takeover of the Corporation. The delisting of the Corporation’s common shares is subject to majority of the minority vote of shareholders of the Corporation. The Corporation intends to call a shareholders’ meeting to approve the below noted items in early 2022.

About Optimind

Optimind pharma is a Canadian pharmaceutical company in the psychedelics space with two key business verticals 1) Clinic Model: Optimind has developed a clinic based business model for psychedelic assisted psychotherapy for the treatment of depression, anxiety, and PTSD. 2) Partnership with First Nations: Optimind has set up a joint venture with Manitari Pharma, an Indigenous owned pharmaceutical company, to help bring awareness to the benefits of psychedelic-assisted psychotherapy and advocate for federal approvals to treat depression and anxiety which remains a disproportionately large issue for the indigenous community. Manitari Pharma corporation operates under the guidance of the Navigator Program which ensures the fair treatment of Indigenous business relations. The company has a 1,300 square foot facility and bonded excise warehouse on six acres of land in Kanesatake by the Ottawa River and as part of the joint venture, has applied for psilocybin dealer's license with Health Canada.

Conditions Precedent

Completion of the Transaction is subject to a number of conditions, including but not limited to:

- satisfactory completion of due diligence;
- execution of the Definitive Agreement;
- completion of the Concurrent Financing;
- completion of the Debt Settlement;
- receipt of annual and interim financial statements from both the Corporation and Optimind;
- receipt of all director, shareholder (if necessary) and requisite regulatory approvals, including the acceptance of the TSXV and listing of the Resulting Issuer Shares on the CSE;
- confirmation that no adverse material change in the business, affairs, financial condition or operations of the Corporation or Optimind has occurred; and
- material compliance by both the Corporation and Optimind with the LOI, except as superseded by the Definitive Agreement.

Concurrent Financing

The parties currently contemplate that Optimind will complete a private placement of securities, which may include subscription receipts, which are currently being negotiated (the “**Concurrent Financing**”). The price and terms, including aggregate amount, of the Concurrent Financing are currently being negotiated between the parties. It is intended that the Concurrent Financing would close prior to the closing. Further disclosure will be provided upon the successful negotiation. There is no assurance that such negotiations will be concluded successfully.

Meeting of the Corporation's Shareholders

The Transaction will be carried out by parties dealing at arm's length to one another. The related parties of the Corporation do not own any interests in Optimind. It is intended by the parties that the Corporation will call a meeting of the Corporation's shareholders to seek shareholder approval for certain corporate matters including: (i) the Name Change, (ii) the consolidation of its common shares (the "**Consolidation**"), (iii) continuance from Alberta to Ontario (the "**Continuance**"), and (iv) the delisting of its common shares from the TSXV.

Further Information

Trading in the Corporation's shares has been halted and is not expected to resume trading until completion of the Transaction.

The Corporation will provide further details in respect of the Transaction in due course by way of press release. All information contained in this press release with respect to the Corporation and Optimind was supplied by the respective party for inclusion herein, without independent review by the other party, and each party and its directors and officers have relied on the other party for any information concerning the other party.

Completion of the Transaction is subject to a number of conditions, including but not limited to, acceptance of the CSE and TSXV. There can be no assurance that the Transaction will be completed as proposed or at all. The TSXV has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to or for the account or benefit of U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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Optimind Pharma Inc.

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Notice on Forward Looking Information

This press release contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. Any statements that are contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "will", "estimates", "believes", "intends" "expects" and similar expressions which are intended to identify forward-looking statements. More particularly and without limitation, this press release contains forward looking statements concerning the Transaction, the Consolidation, the Continuance, the Concurrent Financing, the

expected composition of the board of directors of the Resulting Issuer, the completion and timing of the application to the CSE in respect of the Transaction, the proposed structure by which the Transaction is to be completed, the ability of the Corporation and Optimind to meet the conditions of the Transaction in the required timeframes, obtaining the necessary exemptions and approvals from the TSXV and CSE or other regulatory bodies, including the business, name and function of the Resulting Issuer and certain financial information and forecasts. The Corporation cautions that all forward-looking statements are inherently uncertain, and that actual performance may be affected by a number of material factors, assumptions and expectations, many of which are beyond the control of the Corporation and Optimind, including expectations and assumptions concerning the Corporation, Optimind, the Resulting Issuer, the Transaction, the negotiation of the Definitive Agreement on satisfactory terms, the timely receipt of all required shareholder, court and regulatory approvals (as applicable), including the acceptance of the TSXV and the CSE, the satisfaction of other closing conditions in accordance with the terms of the Definitive Agreement. The reader is cautioned that assumptions used in the preparation of any forward-looking statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Corporation. The reader is cautioned not to place undue reliance on any forward-looking statements. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. The forward-looking statements contained in this press release are made as of the date of this press release, and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.