

Loon Energy Announces Debt Settlement, Option Grant and Update to Optimind Pharma Transaction

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Toronto, Ontario, June 30, 2022 – Loon Energy Corporation (the “**Company**” or “**Loon**”) and Optimind Pharma Inc. (“**Optimind**”) have entered into a third amending agreement to the definitive acquisition agreement announced on November 30, 2021, as amended, with respect to the reverse takeover transaction between Loon and Optimind (the “**Transaction**”). The amending agreement provides for an extension to the completion of the Transaction to be on or before August 24, 2022. Other changes include: (i) a reduced cash requirement for Optimind on closing; (ii) the number of post-consolidated shares of Loon has been increased by 500,000 common shares to 8,650,000 common shares; and (iii) Optimind agreed to pay certain costs of the Company under the amendment agreement.

The Company is also pleased to announce completion of the previously announced debt settlement (the “**Debt Settlement**”) with Michael Stein and his affiliates (the “**Creditor**”) on amended terms. The Debt Settlement provides for the issuance of a secured convertible debenture issued today in the aggregate amount of \$165,167 (the “**Debenture**”). The Debenture bears interest at a rate of twelve percent (12%) per annum and the principal amount thereof becomes due and payable on December 30, 2022 (the “**Maturity Date**”). Interest on the principal amount of the Debenture shall be due in quarterly instalments on March 31, June 30, September 30 and December 31.

All or any portion of the outstanding principal amount of indebtedness or any outstanding interest payments under the Debenture will be convertible at the option of the holder into common shares of the Corporation at a conversion price of \$0.05 per share at any time prior to the Maturity Date. The Creditor has agreed to convert any outstanding amounts prior to completion of the transaction with Optimind Pharma Inc. (the “**Transaction**”). The Debt Settlement is being completed in order for the Company not to have any material liabilities on closing of the Transaction. The Debenture and any securities issued pursuant hereto will be subject to a regulatory hold of four months and a day from the date of issuance.

The Creditor is an insider of the Company and is the past Chief Executive Officer and director of the Company and as such is a “related party” 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 and the Debt Settlement constitutes a “related party transaction” under the rule. The Company is relying on exemptions from the MI 61-101 formal valuation and minority approval requirements applicable to related party transactions available as neither the fair market value of the subject matter of, nor the fair market value of the consideration for the Debt Settlement, exceeds 25% of the Company’s market capitalization at the time the transaction was agreed to.

The Company also announces that its board of directors has approved the grant of 400,000 incentive stock options to its Interim Chief Executive Officer. The options are exercisable at \$0.07 per share and expire February 26, 2024. The Company has also amended the price of 600,000 existing outstanding options granted to its board of directors from \$0.13 to \$0.07 per share.

Completion of the Transaction is subject to a number of conditions, including but not limited to, acceptance of the CSE. There can be no assurance that the Transaction will be completed as proposed or at all.

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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