

## **KAROO EXPLORATION CORP.**

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### **KAROO ANNOUNCES PROPOSED ACQUISITION OF BRUIN POINT ENERGY LIMITED**

**Vancouver, British Columbia, July 21, 2017. Karoo Exploration Corp. (KE.H:TSXV)** (the “Company” or “Karoo”) is pleased to announce that it has entered into a letter of intent dated July 19, 2017 (the “LOI”) with Bruin Point Energy Limited (“Bruin Point”), pursuant to which Karoo will acquire all of the outstanding shares of Bruin Point (the “Proposed Transaction”).

#### **About Bruin Point**

Bruin Point is a private British Columbian corporation, which, through its wholly-owned Nevada subsidiary, Bruin Point Energy Corp. (“Bruin Point US”) is engaged in the exploration and development of helium in North America. Bruin Point US was founded in December 2014 with the aim of acquiring and developing assets with significant exploration and development potential to cater the rising demand and the significant fall in reserves of helium, globally.

The global helium market is thought to be worth US\$6 billion\*. The price of bulk liquid helium has risen more than 100% in the last ten years. This trajectory is anticipated to continue, with supply constrained over the mid to long term, and demand forecast to increase due to new applications coming on stream. Bruin Point US is well positioned to capitalize on the opportunities within the helium market.

Bruin Point US’s Carbon County Project is located in the resource generating Uinta Basin, Carbon County, Utah, close to key infrastructure for the transportation and processing of helium. Bruin Point US has secured ten-year leases (February 2, 2015) for 12 Federal licences totaling 17,767.04 acres in southeast Carbon County, Utah. Bruin Point US holds a 100% Working Interest (WI) and 87.5% Net Revenue Interest (NRI), with 10% being held by the BLM, Amerillo Field Office, and 2.5% to the original vendor of the asset.

Bruin Point US engaged Gustavson Associates LLC in 2015, to complete a National Instrument 51-101 report to assess the resources on the assets. The Gustavson report highlights that the project area has shown evidence of helium in previous wells drilled – inert gases in previous wells show high percentages of helium, relatively, as well as demonstrating that the asset is placed in an ideal geological location for large gas accumulations to be present.

\*Source: [www.proactiveinvestors.com](http://www.proactiveinvestors.com)

#### **The Transaction**

The LOI outlines the general terms and conditions pursuant to which Karoo will acquire all of the outstanding shares of Bruin Point in exchange for 23 million post-consolidation common shares (see below) of Karoo (“Karoo Shares”). It is currently contemplated that the Proposed Transaction will be completed as a triangular amalgamation pursuant to which Karoo will acquire all of the outstanding shares of Bruin Point in exchange for post-consolidation Karoo Shares issued on the basis of one post-consolidation Karoo Share for each one outstanding Bruin Point common share. It is contemplated that Karoo will also acquire all

outstanding options and warrants of Bruin Point in exchange for equivalent options and warrants, adjusted for the applicable exchange ratio. The final legal structure for the Proposed Transaction will be determined after the parties have considered applicable tax, securities law and accounting efficiencies.

Karoo will pay a Finder's Fee of \$100,000 and 880,000 post-consolidation Karoo shares to an arm's length third party in connection with the acquisition.

Trading in the Karoo Shares is halted at present. It is the intention of the parties that the Karoo Shares will not resume trading until the Proposed Transaction is completed and approved by the TSXV.

The Proposed Transaction constitutes a "reverse takeover" under the rules of the TSXV. The Proposed Transaction is an arms-length transaction.

### **Board and Management of Karoo after the Proposed Transaction**

It is anticipated that upon completion of the Proposed Transaction, the management of Karoo will include the following:

#### ***Lawrence Pemble, Chief Executive Officer***

Lawrence Pemble has comprehensive experience in successfully establishing, financing and developing new businesses. He has led companies and individual projects from acquisition to growth and has a keen interest in helping businesses to achieve their potential.

Lawrence has led financing rounds, M&A activities, Initial Public Offerings and has held executive roles, up to and including CEO, for start-up and private equity backed ventures, both in private and public capacities. He has worked extensively in the Private Equity industry, where he has held executive positions in Mining, Oil and Gas, Life Science and Technology focused companies.

#### ***Nick DeMare, Chief Financial Officer***

Mr. DeMare CPA, CA, is the President and principal of Chase Management Ltd., a private company providing a broad range of administrative, management and financial services to private and public companies involved in mineral exploration and development, gold and silver production, oil and gas exploration and production and venture capital for over 30 years.

The Board of Directors of Karoo will consist of nominees of Bruin Point. Complete details of the new board will be disclosed in a subsequent news release.

### **Other Transaction Details**

#### ***Name Change and Share Consolidation***

Prior to closing the Proposed Transaction, Karoo plans to complete the previously announced 13.5:1 share consolidation

The effect of the proposed consolidation will be to reduce the number of common shares issued and outstanding from 20,725,312 pre-consolidated common shares to 1,535,208 post-consolidated common shares.

Karoo also intends to change its name to "Bruin Point Helium Corp." in conjunction with the proposed share consolidation.

### ***Financing***

Prior to or concurrently with completion of the Proposed Transaction, either or both of Bruin Point or Karoo intend to complete one or more private placement financings to raise \$2.3 million by the sale of 9.2 million post – consolidation shares at \$0.25 per share on terms and conditions acceptable to each of Karoo, Bruin Point and the TSXV (the “Financing”). Karoo or Bruin Point may pay a finder’s fee in connection with the Financing.

### ***Karoo Shareholder Approval***

Karoo does not intend to seek shareholder approval to the Proposed Transaction as it believes it has met the criteria set forth in Section 4.1 of TSXV Policy 5.2 (not a related party transaction, Karoo is without active operations, etc.) Karoo intends to file a Filing Statement in accordance with the rules of the TSXV.

### ***Conditions to the Proposed Transaction***

The completion of the Proposed Transaction will be subject certain conditions precedent, including the following:

- (a) the execution of a definitive agreement;
- (b) Karoo and Bruin Point Canada shareholder approval (if required);
- (c) completion of the Karoo share consolidation;
- (d) TSXV approval;
- (e) elimination of the outstanding debt of Karoo;
- (f) completion of due diligence by each party;
- (g) completion of the Financing;
- (h) receipt of a Technical Report with respect to the Carbon County Project prepared in accordance with NI 51-101, and acceptable to the TSXV; and
- (i) other conditions precedent customary for a transaction such as the Proposed Transaction.

The parties are working diligently to prepare a definitive agreement based on the terms of the LOI and that contains representations and warranties, closing conditions and such other terms and agreements as are customary in agreements of this nature.

## **ON BEHALF OF THE BOARD**

James Walchuck  
President

For further information:

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*Completion of the Proposed Transaction is subject to a number of conditions, including TSX Venture Exchange acceptance and shareholder approval. The Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the Proposed Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Karoo should be considered highly speculative.*

*The TSX Venture Exchange has in no way passed upon the merits of the Proposed Transaction and has neither approved nor disapproved the contents of this press release.*

*Neither the 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.*

### **Forward-Looking Statements**

*This news release may contain forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur, and include, without limitation, statements regarding the Company's current plans. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the Proposed Transaction contemplated herein is completed. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of Karoo and Bruin Point to obtain necessary shareholder approval to complete the Proposed Transaction or to satisfy the requirements of the TSXV with respect to the Proposed Transaction. The cautionary statements qualify all forward-looking statements attributable to Karoo and Bruin Point and persons acting on their behalfs. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

***The securities referred to in this news release have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States unless pursuant to an exemption therefrom. This press release is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities of Karoo or Bruin Point in any jurisdiction.***