

DC ACQUISITION CORP. UPDATES QUALIFYING TRANSACTION WITH KIARO BRANDS INC.

Vancouver, British Columbia, July 10, 2020, DC Acquisition Corp. (TSXV: DCA.P) (the "**Company**") is pleased to provide the following update to its news release dated May 11, 2020. The Company has entered into a definitive agreement (the "**Merger Agreement**") dated June 9, 2020 with Kiaro Brands Inc. ("**Kiaro**") to combine the businesses of the two companies (the "**Proposed Transaction**"). The Proposed Transaction will be an arm's length transaction, and, if completed, will constitute the Company's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). Upon completion of the Proposed Transaction, the resulting issuer (the "**Resulting Issuer**") will carry on the business of Kiaro.

Proposed Transaction Summary

The Proposed Transaction is expected to be structured by way of a three-cornered amalgamation, with Kiaro amalgamating with a wholly owned subsidiary of the Company incorporated solely for that purpose. The parties anticipate completing the Proposed Transaction on or about August 17, 2020, or as otherwise agreed to by the parties.

The Merger Agreement provides that the shares of the Company will first be consolidated on the basis of 1.7142857143 old shares for each new share, then an additional approximately 107,993,707 shares of the Company will be issued to the current shareholders of Kiaro at a deemed price per share of \$0.18, resulting in a total of approximately 128,410,374 shares to be outstanding post transaction. Current shareholders of the Company will hold approximately 15.9% of the issued and outstanding shares upon completion of the Proposed Transaction. There will also be an additional approximately 73,440,585 shares reserved for issuance upon the exercise of conversion rights contained in various debentures, warrants and options, at exercise prices ranging from \$0.144 to \$0.60. In conjunction with the merger, the name of the Company is expected to be changed to Kiaro Holdings Corp. The Proposed Transaction is conditional on the approval of the Exchange, the shareholders of Kiaro, and the usual terms and conditions customary to transactions of this nature.

The Company has provided Kiaro with a loan of \$25,000, and upon receipt of approval from the Exchange, an additional loan of \$200,000 will be advanced on commercial terms, for a one year term with interest rates at 4%.

Daniel Petrov, Director and Chief Executive Officer of Kiaro, residing in Vancouver, British Columbia may be considered a control person of Kiaro (as such term is defined in Policy 1.1 of the Exchange).

Additional information regarding the Proposed Transaction will be set out in a filing statement (the "**Filing Statement**") which will be filed with the Exchange and posted on the Company's profile on SEDAR (www.sedar.com).

Kiaro Brands Inc.

Kiaro Brands Inc. is the resulting company of an amalgamation under the *Business Corporations Act* (British Columbia) of Aura Cannabis Inc. and Elora Capital Ltd. on September 9, 2019.

Kiaro Brands Inc. operates "Kiaro", an independent Canadian cannabis retailer based in Vancouver, BC as well as a wholesale subsidiary based in Saskatchewan. Kiaro currently operates 4 storefronts in British Columbia and 2 in Saskatchewan. It is currently developing another store in Nanaimo. It has plans to open several new cannabis stores nationwide within the next year, subject to availability of both capital and regulatory approvals. Kiaro has established wholesale and online sales. Collectively Kiaro's leadership team

has a proven track record of growing retail brands across North America, with significant brick-and-mortar retail and online experience.

For more information, visit kiaro.com.

Select Financial Results for Kiaro

Kiaro has prepared audited financial statements for the thirteen month period ended January 31, 2020 (the “**Period**”). During the Period, Kiaro’s revenues were largely progressive given the increase in retail locations and acquisition of a wholesale cannabis business. For the Period, revenues totaled \$5,171,836, compared to *nil* Revenues for the fiscal year ended December 31, 2018. In addition, Kiaro opened the following retail cannabis stores during the Period: Saskatoon in January 2019, LaRonge in May 2019, Vancouver in August 2019, and Victoria in January 2020. Subsequently, its Port Moody location opened in March 2020, its second Vancouver location in July 2020, and Kiaro is scheduled to open its Nanaimo location in late August 2020. At the end of the Period, Kiaro had a current ratio of 1.87, total assets of \$13,992,304 and a cash balance of \$1,418,764. Subsequent to the Period, Kiaro closed a non-brokered financing of \$1,000,000 in May 2020. For additional information, please refer to the full audited financial statements for the Period, a copy of which will be included in the Filing Statement.

DC Acquisition Corp.

The Company was incorporated under the *Business Corporations Act* (British Columbia) on November 28, 2017 and is a Capital Pool Company (as defined in the policies of the Exchange) listed on the Exchange. The Company has no commercial operations and no assets other than cash.

Shareholder Approval

Since the Proposed Transaction is not a Non-Arm’s Length Qualifying Transaction (as such term is defined in Policy 2.4 of the Exchange), the Company will not be required to obtain shareholder approval of the Proposed Transaction. In addition, the Proposed Transaction is not a “related party transaction” as such term is defined by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* and is not subject to Policy 5.9 of the Exchange. As a result, no meeting of the shareholders of the Company is required pursuant to corporate law, Policy 2.4 of the Exchange or securities laws.

Directors, Officers and Other Insiders of the Resulting Issuer

The directors and officers of the Resulting Issuer will be as follows:

Daniel Petrov, Chief Executive Officer and Director, Age 39

Daniel Petrov is an accomplished cannabis industry leader with a decade of experience working with a number of successful cannabis ventures and acting as a consultant to industry-related companies worldwide. He is the current Chief Executive Officer of Kiaro, co-founder of Aurora Cannabis (NYSE:ACB) and former Executive Vice President from 2014 to 2016.

Mr. Petrov held board positions with various cannabis companies and is part of a working group of Canadian experts that advise international governments on developing cannabis regulations.

Mr. Petrov is an employee of Kiaro and has entered into a non-competition / confidentiality agreement with Kiaro. It is expected that he will devote 100% of his time to the business of the Resulting Issuer to effectively fulfill his duties as the Chief Executive Officer and Director of the Resulting Issuer.

Mr. Petrov will be the only shareholder holding more than 10% of the issued and outstanding shares of the Resulting Issuer. His holdings immediately post-closing will be approximately 32.8% on a non-diluted basis.

Herrick Lau, Director, Age 54

Mr. Lau is an experienced investment banking professional who has conducted transactions in initial public offerings, reverse takeovers, financings, mergers & acquisitions, divestitures, and various advisory services. Through his over 20 years of experience in financial management and corporate finance, Mr. Lau is experienced in developing financing strategy, liaising with external parties, devising business development plans and maintaining compliance with corporate governance. Since 2007, Mr. Lau has been the Managing Director of Baron Global Financial Canada Ltd, a Vancouver-based financial advisory firm. He also has experience as a senior financial executive in public companies, having acted as CFO and/or director for various public companies listed on the TSX Exchange, the TSX Venture Exchange and the Canadian Securities Exchange. Mr. Lau currently sits on the BC Local Advisory Committee of the TSX Venture Exchange.

Mr. Lau obtained his bachelor and master degrees in Business and Economics from Simon Fraser University in Vancouver, British Columbia, Canada and is a charter holder of the Chartered Financial Analyst designation.

It is expected that Mr. Lau will devote 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as a Director of the Resulting Issuer.

Janet Hoffar, Chief Financial Officer, Corporate Secretary and Director, Age 43

Ms. Hoffar is a seasoned finance professional with over 20 years of retail financial and operations experience. Having worked 15 years, as Controller and Director of Finance and Operations, through a 7 to 60 store growth period with Rocky Mountain Chocolate Factory Canada, she then launched her consulting firm Stonestreet Management, where she handled CFO duties for a number of Canadian retailers and technology companies. From 2014 to 2019, Ms. Hoffar held the positions of CFO and Director of a wealth management firm, Fieldhouse Capital Management. She joined Kiario in 2019 and brings a deep understanding of both retail and capital markets to her role as CFO.

Ms. Hoffar is an employee of Kiario and has entered into a non-competition / confidentiality agreement with Kiario. It is expected that she will devote 100% of her time to the business of the Resulting Issuer to effectively fulfill her duties as the Chief Financial Officer and Director of the Resulting Issuer.

Shawn Graham, Director, Age 52

Mr. Graham served as the 31st Premier of the Province of New Brunswick, Chair of the Council of The Federation, Co-chair of the Northeastern Governors and Eastern Canadian Premiers, and Co-chair of a Pan-Canadian Trade Mission to China. Currently, Mr. Graham is President and CEO of G&R Holdings Inc., a company that assists in the development and implementation of international projects and business alliance strategies.

Mr. Graham was awarded an Honorary Doctor of Laws Degree from the University of New Brunswick and was named Visionary of the Year Award by the Global Intelligent Community Forum in New York City, NY.

It is expected that Mr. Graham will devote 5% of his time to the business of the Resulting Issuer to effectively fulfill his duties as a Director of the Resulting Issuer.

Eleanor Lynch, President of Operations, Age 41

Ms. Lynch is a retail professional with over 10 years in senior leadership roles for various national brands. From 2014 to 2018 Ms. Lynch held the role of National Director of Operations for Lids Sports Group in Canada. She was responsible for overseeing store sales and operations that included a portfolio of 145 stores across all provinces.

Ms. Lynch is an employee of Kiaro and has entered into a non-competition / confidentiality agreement with Kiaro. It is expected that she will devote 100% of her time to the business of the Resulting Issuer to effectively fulfill her duties as the President of Operations of the Resulting Issuer.

Zachary Stadnyk, Director, Age 28

Currently the Chief Executive Officer and a Director of the Company, Mr. Stadnyk will remain a Director after completion of the Proposed Transaction.

Mr. Stadnyk is a corporate finance and advisory professional. Mr. Stadnyk has acted as a consultant of FV Pharma Inc., an Ontario based licensed cannabis producer as head of investor relations and previously served as a corporate finance employee for The Supreme Cannabis Company Inc., a publicly traded company currently listed on the TSX. Mr. Stadnyk has held various senior positions in both private and public companies.

Mr. Stadnyk holds a B.Comm in entrepreneurial management. It is expected that he will devote 5% of his time to the business of the Resulting Issuer to effectively fulfill his duties as a Director of the Resulting Issuer.

Sponsorship

Sponsorship of a qualifying transaction of a Capital Pool Company is required by the Exchange unless exempt in accordance with the Exchange policies. The Company has not retained a sponsor in respect of the Proposed Transaction and will be seeking an exemption from this requirement by the Exchange.

Trading in the Company Common Shares

Trading in the Company's common shares have been halted in compliance with the policies of the Exchange. Trading in the Company's common shares will remain halted pending the review of the Proposed Transaction by the Exchange and satisfaction of the conditions of the Exchange for resumption of trading.

Further Information

For further information, please contact:

DC Acquisition Corp.

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This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

Completion of the Proposed Transaction is subject to a number of conditions, including but not limited to the Exchange acceptance and, if applicable pursuant to the Exchange requirements, majority of the minority shareholder approval. Where applicable, 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 Filing Statement to be prepared in connection with the Proposed 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 the Company should be considered highly speculative.

The Exchange has in no way passed upon the merits of the Proposed Transaction and has not approved or disapproved of the contents of this news release.

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

Cautionary Note Regarding Forward-Looking Information

This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company and Kiaro with respect to future business activities and operating performance. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes information regarding expectations regarding whether the Proposed Transaction will be consummated, including whether conditions to the consummation of the Proposed Transaction will be satisfied, or the timing for completing the Proposed Transaction, and expectations for other economic, business, and/or competitive factors.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company and Kiaro’s respective management’s expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Company and Kiaro believe that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability to consummate the Proposed Transaction; the ability to obtain requisite regulatory and other approvals and the satisfaction of other conditions to the consummation of the Proposed Transaction on the proposed terms and schedule; the potential impact of the announcement or consummation of the Proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Proposed Transaction. This forward-looking information may be affected by risks and uncertainties in the business of the Company and Kiaro and market conditions.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company and Kiaro have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company and Kiaro do not intend, and do not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.