

Carrington Acquisition Corporation Announces Details Regarding Qualifying Transaction with Cozumo Inc.

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LONDON, ON, Aug. 19, 2015 /CNW/ - George Lunick, CEO of Carrington Acquisition Corporation ("**Carrington**" or the "**Corporation**") is pleased to announce that it has entered into a letter of intent (the "**Agreement**") dated August 13, 2015 with Cozumo Inc. ("**Cozumo**"), pursuant to which Carrington will, subject to a number of conditions, acquire all of the issued and outstanding securities of Cozumo. The transaction will constitute the Corporation's qualifying transaction (the "**Qualifying Transaction**") under the policies of the TSX Venture Exchange (the "**Exchange**").

About Cozumo

Cozumo is a private company that was incorporated on May 30, 2006 pursuant to the Canada *Business Corporations Act* (the "**Act**"). Cozumo is in the business of retail marketing. Through Cozumo's Acquire, Analyze, Act framework, retailers can acquire customer and product data at the POS, analyze the basket data to segment customers and generate actionable insights, and act upon those insights through the distribution and redemption of targeted promotions.

This is all possible with Cozumo's out-of-the-box solution. It works with nearly any scanner and POS system, so from the first scan, retailers have the ability to turn purchasing patterns into customized offers that drive immediate benefits including operational efficiency, increased store traffic and stronger store loyalty.

Cozumo is run by experienced CEO Gary Chaikin. Gary founded Sierra Creative Communications Inc., a technology company he built to 40 employees in less than three years before successfully selling to Quebecor. He has developed numerous web applications for companies like Canadian Tire, TD Canada Trust, and Bank of America Merrill Lynch.

Cozumo Corporate History and Structure

As indicated above, Cozumo was incorporated on May 30, 2006. Its registered head office is located at 80 Richmond Street W, Suite 1200, Toronto, Ontario M5H 2A3

Cozumo is a private company with approximately 12 shareholders. It is not a reporting issuer and its shares are not listed on any stock exchange.

Cozumo has 11,961,164 common shares issued and outstanding and has 1,373,424 options, 1,665,000 warrants to acquire securities to date. The principal stockholders are Gary Chaikin and Jonathon Hobbs who each directly or indirectly owns or controls approximately 13.4% of the issued and outstanding shares of Cozumo for a total of 26.8%. Both individuals reside in Toronto, Ontario. In addition, associates of the Jones Gable & Company Limited founder own 33% of the issued and outstanding shares of Cozumo and these associates reside in Toronto, Ontario.

Based on preliminary unaudited financial statements for Cozumo, the following are estimated results for the fiscal year ended December 31, 2014: Cozumo had revenues of \$0 and expenses of \$2,949,122, resulting in a loss of \$2,949,122. In addition, as at December 31, 2014, Cozumo had total assets of \$296,384, total liabilities of \$808,459 and a working capital deficit of \$512,075.

Summary of the Proposed Qualifying Transaction

Carrington and Cozumo entered into the Agreement on August 13, 2015, pursuant to which Carrington will, subject to a number of conditions, acquire all of the issued and outstanding securities of Cozumo.

Carrington currently has 4,150,000 common shares outstanding which will be consolidated 19.8 common shares for one common share.

Under the terms of the Agreement, Carrington has agreed to acquire Cozumo by way of a share exchange agreement (the "**Share Exchange Agreement**") whereby all of the shareholders of Cozumo will exchange all of the common shares of Cozumo for common shares of Carrington. Each Cozumo shareholder will receive one (1) post-consolidated common share of Carrington for each share of Cozumo that they hold. The purchase price for Cozumo shares will be \$20,000,000 and will be satisfied by the issuance of approximately 11,961,164 Carrington post-consolidated common shares at a deemed price of \$1.67 per post-consolidated common share, before giving effect to the Cozumo forming noted in 5 below. Upon the issuance of Carrington common shares to Cozumo shareholders, Cozumo shareholder will own approximately ninety nine percent (99%) of Carrington, before giving effect to the Cozumo Financing (as defined below).

The closing of the Qualifying Transaction with Cozumo is subject to a number of conditions, including the following:

1. receipt of all required regulatory approvals, including the approval of the Exchange;
2. completion of all due diligence reviews by each of Carrington and Cozumo;
3. receipt of all director and shareholder approvals as may be required under applicable laws or regulatory policies, including those of the Exchange; and
4. execution of the definitive Share Exchange Agreement;
5. completion by Cozumo of an equity financing (the "**Cozumo Financing**") for a minimum of 2,000,000 units to a maximum of 5,333,333 units ("**Cozumo Units**") at an issue price of \$1.50 per Unit for minimum gross proceeds of \$3,000,000 to a maximum proceeds of \$8,000,000. Each Cozumo Unit shall be comprised of one (1) post-consolidated common share and

one (1) common share purchase warrant (each a "**Cozumo Warrant**"), with each Warrant entitling the holder thereof to purchase a post-consolidated common share of Cozumo at a price of \$2.00 per common share for a period of 24 months.

Following completion of the Qualifying Transaction, the Board of Directors of the Corporation will consist of Gary Chaikin, Philip Kurlander, George Lunick, Geoffrey Smith and one other Director to be named by Gary Chaikin.

George Lunick – Director

Mr. Lunick has been a Chartered Accountant with Lunick & Company CA Professional Corporation, a private chartered accounting firm, and Lunick & Company Ltd., a merchant banking firm, both located in London, Ontario, since 1992. He is also president and CEO of Carrington. Mr. Lunick has been the CEO, president and a director of Pearl River Holdings Ltd, a public company in the business of manufacturing plastic products, trading on the TSX Venture Exchange, since May 1995. He was also a director of The Loyalist Insurance Group Limited, a public company in the business of insurance, trading on the TSX Venture Exchange, from December 1996 to May 2004 and he was a director of Jackal Energy Inc, a capital pool company, from February 2001 to June 2002, which traded on the Exchange. Mr. Lunick received his Honours in Business Administration degree from the Richard Ivey Business School at the University of Western Ontario in June of 1981, and his professional designation as a chartered accountant from the Institute of Chartered Accountants of Ontario in September of 1983.

Gary Chaikin – Director

In his career Gary has been the visionary who identifies the next big trend but he has also been the prime driver behind the growth of several technology startups. Gary founded Sierra, a technology consulting firm and early web developer, is now part of a global company with offices around the world. Prior to founding Sierra, Gary was CTO and Creative Director of Avaterra, a virtual reality Avatar based gaming software company, which was at the forefront of the entire immersive Virtual Reality industry. Gary has a plethora of experience developing technology, custom projects and applications for companies like Canadian Tire, Bank of Montreal, TD Bank, Merrill Lynch, Air Canada, TSE, Aeroplan, Candarel, McLeans, Cadiallac Fairview, Shoppers Drugmart, Cineplex, ING Bank, Royal LePage, Webkinz/Ganz, Multiple Advertising agencies and many more. Gary graduated Magna Cum Laude in Communications from Concordia University.

Philip Kurlander – Director

Philip Kurlander, M.D. is a healthcare services professional with over 20 years experience as an anesthesiologist having practiced in hospitals and private practice. Dr. Kurlander coupled his interest in business and medicine by getting involved in the business operations of his private practice group and was elected a board member, officer and eventually president of the group. During his seven year tenure as president, the group grew from 9 to 25 anesthesiologists, revenue quadrupled from \$9 million to \$36 million and profits also quadrupled.

Dr. Kurlander has slowly gravitated increasingly to the business community and is a direct investor in several private lower middle market companies, currently serving as a board member on five of them. Two companies have had a recent successful sale for \$70 million and \$54 million respectively. The companies are in the energy, consumer manufacturing, automotive, real estate and health care markets, respectively. Dr. Kurlander has also been involved in two startups. One company which serves the food service industry that began operations in 2011 is on pace to end 2013 with revenues of \$5 million.

Dr. Kurlander sits on the advisory boards of a mezzanine lender and a private equity firm. Dr. Kurlander earned his undergraduate degree from the University at Albany graduating with a B.S. degree, Summa Cum Laude and Phi Beta Kappa, and his M.D. degree from Albany Medical College. He did his anesthesia residency at Columbia Presbyterian Hospital in New York, serving as Chief Resident in his final year.

Geoffrey Smith – Director

Geoffrey Smith is an entrepreneur and a Special Advisor, Innovation at Ryerson University. Currently he is Chairman of the Board of Cozumo. He is an experienced entrepreneur who has worked in many areas of expertise specializing in supporting and building startup companies and has company structure and governance so that these companies maximize the opportunity for success. The exposure has included Technology, Medical technology, Real Estate, Food and Beverage, Gaming and Entertainment. In addition he currently advised 3 additional private companies and is heading up the New Ryerson Innovation Facility being opened at Bell Trinity Square in 2014. Geoffrey started his career in real estate as a Commercial Real Estate Broker and ran and maintained that Brokerage for 25 years while successfully completing hundreds of transactions.

Following the completion of the Qualifying Transaction the company will propose as officers, Gary Chaikin and Andre Ryu as Co-CEO's and the CFO is yet to be determined.

Upon completion of the Qualifying Transaction, the Corporation will have approximately a minimum of 14,170,744 common shares outstanding to a maximum of 17,504,077 common share outstanding depending on the level of current financing. Mr. Lunick will own or control less than 0.1% of the issued and outstanding shares of the Corporation post-closing of the Qualifying Transaction.

The Qualifying Transaction will be an arm's length transaction as the current officers and directors of Carrington own no interests in Cozumo and, as such, Carrington shareholders' approval is not required, unless otherwise required by law or the Exchange.

Caution Concerning Forward-Looking Statements

Some statements in this press release contain forward-looking information within the meaning of applicable Canadian securities legislation. These statements include, but are not limited to, statements with respect to the entering into of agreements, the closing of transactions and the expenditure of funds. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to

be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the timing of transactions, the ability to fulfill certain conditions, the ability to raise funds, general business, economic, competitive and political uncertainties and the timing and amount of expenditures. Neither the Corporation, nor Cozumel undertakes to update any forward-looking information, except in accordance with applicable securities laws.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Filing Statement of the Corporation to be prepared in connection with the Qualifying Transaction, any information released or received with respect to the Qualifying Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

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

SOURCE Carrington Acquisition Corporation

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