

AUSTON CAPITAL CORP.

AUSTON EXECUTES DEFINITIVE MERGER AGREEMENT WITH DIAGNOSTIC LAB CORPORATION, INC.

June 18, 2020

TSX Venture Exchange Trading Symbol: ASTN.P

Auston Capital Corp. (“**Auston**” or the “**Company**”), a capital pool company pursuant to Policy 2.4 of the TSX Venture Exchange (the “**TSX-V**”), announces that further to its press release dated April 20, 2020, the Company and Diagnostic Lab Corporation, Inc. (“**DLC**”) have entered into a definitive merger agreement dated June 10, 2020 (the “**Merger Agreement**”). The proposed transaction, pursuant to the Merger Agreement (the “**Transaction**”), will be Auston’s qualifying transaction in accordance with the policies of the TSX-V. Upon completion of the Transaction, it is anticipated that the combined issuer (the “**Resulting Issuer**”) will continue to carry on the business of DLC and will be listed on the TSX-V as a Tier 2 Industrial Issuer.

Transaction Summary

Prior to the closing of the Transaction, the outstanding common shares of Auston (“**Auston Shares**”) will be consolidated on the basis of one (1) new Auston Share for every two (2) existing Auston Shares (the “**Consolidation**”).

Under the terms of the Merger Agreement, the Transaction will be completed by way of a merger under the laws of Delaware, whereby:

- (a) a wholly-owned subsidiary of Auston created for the purposes of completing the Transaction (“**Subco**”) will merge with and into DLC, with DLC surviving as a wholly-owned subsidiary of Auston;
- (b) each outstanding share of DLC (each, a “**DLC Share**”) shall be converted into the right to receive Auston Shares on the basis of the exchange ratio of an aggregate of 32,000,000 post-Consolidation Auston Shares issued divided by the number of DLC Shares outstanding;
- (c) each common share of Subco shall be converted into one common share of the Resulting Issuer; and
- (d) immediately prior to closing of the Transaction, Auston is expected to change its name to “DLC Holdings Corporation” or such other name as DLC may determine.

It is expected that, immediately following completion of the Transaction, and prior to the completion of the Financing (as defined below): (i) the current shareholders of Auston will hold 3,100,000 Resulting Issuer Shares; and (ii) the current shareholders of DLC will hold 32,000,000 Resulting Issuer Shares.

Pursuant to the terms of the Merger Agreement, completion of the Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Transaction, including the completion of the Consolidation, the completion a concurrent private placement for gross proceeds of up to US\$2,500,000 (the “**Financing**”), receipt of approvals of all regulatory bodies having jurisdiction in connection with the Transaction and approval of the TSX-V including the satisfaction of its initial listing requirements. There can be no assurance that the Transaction will be completed as proposed or at all.

Trading Halt

Trading in the Auston Shares has been halted as of April 16, 2020 and will remain halted pending the satisfaction of all applicable requirements pursuant to Policy 2.4 of the TSX-V.

Forward-Looking Statements

This news release contains certain “forward looking statements” including, for example, statements relating to the completion of the Transaction and Financing and the Resulting Issuer’s anticipated share capital. Such forward-looking statements involve risks and uncertainties, both known and unknown. The results or events depicted in these forward-looking statements may differ materially from actual results or events. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding and are implicit in, among other things: receipt of regulatory approvals, the Company’s ability to complete the Transaction and Financing, the state of the capital markets, tax issues associated with doing business internationally, the ability of the Resulting Issuer to successfully manage the risks inherent in pursuing business opportunities in the food safety and agricultural industry, and the ability of the Resulting Issuer to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business. Any forward-looking statement reflects information available to the Company as of the date of this news release 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.

On behalf of the board of directors of the Company:

Mark Fekete

Chief Executive Officer, Chief Financial Officer and Corporate Secretary

Telephone: (604) 642.0115
Suite 608 - 409 Granville Street
Vancouver, British Columbia
V6C 1T2

All information contained in this news release relating to DLC was provided by DLC to the Company for inclusion herein. The Company has not independently verified such information and shall bear no liability for any misrepresentation contained therein.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSX-V acceptance and, if applicable pursuant to TSX-V 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 management information circular or filing statement to be prepared in connection with the Transaction, any information released or received with respect to the 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-V has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release.

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