



# HOUSE OF LITHIUM LTD. ENTERS INTO DEFINITIVE AGREEMENT TO COMPLETE REVERSE TAKEOVER

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HOUSE OF LITHIUM LTD. ENTERS INTO DEFINITIVE AGREEMENT  
TO COMPLETE REVERSE TAKEOVER

House of Lithium Ltd. ("House of Lithium") and Rio Verde Industries Inc. ("Rio Verde") are pleased to announce that they have entered into an agreement (the "Agreement") pursuant to which House of Lithium will complete a reverse takeover of Rio Verde (the "Transaction").

House of Lithium is a vertically-integrated electric mobility platform focused on identifying, investing in, and managing private and publicly listed entities that are involved in or connected with the electric mobility value chain, including:

- Micro-mobility;
- Recreational, commercial and commuter electric vehicles for both land and water;
- Batteries and other energy storage technology;
- Electric mobility infrastructure;
- Resource-related proven commodities;
- Energy efficient crypto and blockchain; and
- Hydrogen power.

## Summary of the Proposed Transaction

Pursuant to the Agreement, Rio Verde and House of Lithium are expected to complete an arm's length business combination by way of a three-cornered amalgamation, whereby shareholders of House of Lithium (the "House of Lithium Shareholders"), other than the House of Lithium Shareholders who exercise their dissent rights under the Business Corporations Act (Ontario), will receive, subject to adjustment, one Class A Share in the capital of Rio Verde as it exists immediately following the Transaction (the "Resulting Issuer") for each Class A Share in the authorized share capital of House of Lithium held, and one Class B Share in the capital of the Resulting Issuer for each Class B Share in the authorized share capital of House of Lithium held, in each case on a post-Consolidation basis (as herein defined). In addition, all outstanding restricted share units of House of Lithium will be exchanged for restricted share units of the Resulting Issuer on equivalent terms after having given effect to the transactions contemplated by the Transaction.

As contemplated by the Agreement, Rio Verde and House of Lithium have submitted an initial application to the Canadian Securities Exchange (the "Exchange") for the listing of the Subordinate Voting Shares (as defined below) of the Resulting Issuer, however the Exchange has not yet provided acceptance of such listing and there is no assurance that the Resulting Issuer's application will be submitted for listing on the expected timeline or at all.

As a condition precedent of the Transaction, Rio Verde's board of directors and shareholders must approve the Share Capital Amendment (as herein defined). In accordance with the terms and conditions of the Agreement, and subject to requisite approval of shareholders of Rio Verde (the "Rio Verde Shareholders"), Rio Verde has agreed to alter its Notice of Articles to: (a) alter the identifying name of its outstanding Common shares as "Class A shares"; and (b) create a new class of "Class B shares", as more particularly described in its management information circular dated January 24, 2022 (the "Circular") (the "Share Structure Alteration"). Subject to requisite approval of Rio Verde Shareholders, Rio Verde has also agreed to alter its Notice of Articles and Articles to create special rights and restrictions for, and attach those special rights or restrictions to, the Class A Shares (the "Subordinate Voting Shares"), entitling the holders thereof to one (1) vote in respect of each Subordinate Voting Share held at meetings of the shareholders, and the Class B Shares (the "Multiple Voting Shares", and together with the Subordinate Voting Shares, the "Resulting Issuer Shares"), entitling the holders thereof to one hundred (100) votes in respect of each Multiple Voting Share held at such meetings, except at a meeting of which only holders of another particular class or series of shares of Rio Verde will have the right to vote (the "Rights and Restrictions Resolution", and together with the Share Structure Alteration, the "Share Capital Amendment"). A holder of Multiple Voting Shares will be entitled to convert its Multiple Voting Shares to Subordinate Voting Shares on a one-for-one basis at any time upon notice to the Resulting Issuer.

As a condition precedent of the Transaction, Rio Verde has also agreed to consolidate (the "Consolidation") its issued and outstanding share capital existing immediately following the Share Capital Amendment such that following the Consolidation there will be 1,250,000 Class A shares of Rio Verde issued and outstanding.

Upon the completion of the Transaction, assuming completion of the Consolidation, former House of Lithium Shareholders will hold, in the aggregate, approximately 98% of the issued and outstanding Resulting Issuer Shares, and former Rio Verde Shareholders will hold, in the aggregate, approximately 2% of the issued and outstanding Resulting Issuer Shares.

In connection with, and as a condition precedent to, the Transaction, Rio Verde intends to change its name to "HoLi Technologies Inc." (the "Name Change") and to replace all directors and officers of Rio Verde on the effective date of the Transaction with nominees of House of Lithium.

The completion of the Transaction is subject to the satisfaction of a number of conditions,

including, without limitation: (i) the approval of the listing of the Subordinate Voting Shares on the Exchange; (ii) the approval of the Transaction by the requisite majority of House of Lithium Shareholders; (iii) the approval of the Share Capital Amendment by the requisite majority of Rio Verde Shareholders; (iv) the approval of the Consolidation and the Name Change by Rio Verde's board of directors; and (v) other conditions customary for a transaction of this nature. There can be no assurance that the Transaction will be completed as proposed or at all.

#### Proposed Management Team and Board of Directors of the Resulting Issuer

On completion of the Transaction, the current directors and officers of Rio Verde will resign and it is currently expected that the proposed executive officers and directors of the Resulting Issuer will be comprised as follows:

#### Andrew DeFrancesco, Proposed Chief Executive Officer of the Resulting Issuer

Mr. DeFrancesco has over 26 years of capital markets experience, from senior positions at some of Canada's most established independent investment firms in trading, sales and investment banking, to establishing first mover status as the founder and co-founder of a number of North American small and mid-capital companies in selected sectors. Mr. DeFrancesco started his career with Midland Walwyn Inc. prior to becoming Merrill Lynch Wealth Management, then moving to CM Oliver Inc., where he worked as head of trading and sales which was sold to Canaccord Capital. With a focus on private equity, Mr. DeFrancesco has been involved with a number of successes turnarounds including Jamba Juice (JMBA:NASDAQ) in 2010 and the original American Apparel restructuring in 2011. Mr. DeFrancesco, via Delavaco is the former Partner and Executive Director of Kahala Corp.; owner of Pinkberry, Cold Stone Creamery, Blimpies Subs, and Taco Time, which was sold to MTY Food Group Inc. (TSX: MTY). Mr. DeFrancesco has significant experience in the energy, hospitality and retail and consumer package goods sectors having founded and served as Chairman for a number of companies including Delavaco Energy Inc. (Founder & Chairman), APO Energy Inc. & P1 Energy Corp., which was acquired by Parex Resources Inc. (TSX: PXT) (Founder / CEO) and Dalradian Gold Limited (Founder / Chairman and CEO).

#### Paul Kania, Proposed Chief Financial Officer of the Resulting Issuer

Mr. Paul L. Kania, CPA, is the Chief Financial Officer at SOL Global Investments Corp., the Chief Financial Officer at Belgravia Hartford Capital, Inc., the Chief Financial Officer, Secretary and Director at Dragonfly Capital Corp., the Chief Financial Officer at Arena Minerals, Inc., a Member at Certified Public Accountants & Advisors, a Member at New York State Society of Certified Public Accountants, a Principal at Koral Financial, Inc. and a Principal at Plk Accounting & Finance, Inc. Mr. Kania was previously employed as the Chief Financial Officer of KWESST Micro Systems, Inc., the Chief Financial Officer of Clear Blue Technologies International, Inc., the Chief Financial Officer of UGE International Ltd., the Chief Financial Officer by Blackrock Silver Corp. (formerly Blackrock Gold Corp.), the Chief Financial Officer of GT Gold Corp., an Auditor by Berdon LLP, and an Auditor by MNP LLP. He also served on the board of directors at Tantalex Resources Corp. He

received his undergraduate degree from the University of Toronto.

#### Richard Waxman, Proposed Chief Operating Officer of the Resulting Issuer

Mr. Waxman is a senior member of the investment team at SOL Global Investments Corp. He leads financial analysis and diligence on new and existing investment opportunities with a focus on private equity in the small cap space. He holds an MBA, LLB, and BA with previous experience in equity research and corporate credit covering a wide range of industries for some of Canada's largest financial institutions.

#### Eboni Williams, Proposed Director of the Resulting Issuer

Eboni K. Williams is currently the Host & Executive Producer of 'REVOLT Black News', which airs on REVOLT TV founded by Sean "Diddy" Combs. She's also the Host & Executive Producer of the iHeart Media podcast 'Holding Court with Eboni K. Williams' and a cast member on Bravo TV's 'Real Housewives of New York City'. Most recently, Williams was seen co-hosting on ABC News' Daytime Emmy-winning show 'The View'. She has also guest co-hosted on nationally syndicated talk show 'The Real' and served as a 'Hot Topics' table expert on 'The Wendy Williams Show'. Williams holds a B.A. in Communications and African-American Studies from the University of North Carolina at Chapel Hill, and a J.D. from Loyola University New Orleans College of Law.

#### Steve Illott, Proposed Director of the Resulting Issuer

Mr. Illott is the Head of Investment Solutions and the Chief Investment Officer, North America, BMO Global Asset Management. Prior to his current role he was the co-Head of Investment BMO GAM (EMEA). Mr. Illott has over 25 years of investment experience in a variety of senior roles. He began his career with Robert Fleming & Company before moving to Morgan Grenfell/Deutsche Asset Management. During his time at Deutsche, he was based in the US for two years before becoming Head of Fixed Income in London. As Head of Fixed Income, Steve was heavily involved in Aberdeen's acquisition of a number of businesses from Deutsche Asset Management. Subsequently, he was responsible for integrating and restructuring the combined fixed income businesses of Deutsche and Aberdeen and a member of Aberdeen's Executive Committee Management. Following Aberdeen, Steve became a founding principal of Alignment Investors, a division of BlueCrest Capital Management.

#### Additional Information

Further details about the Transaction and the Resulting Issuer will be provided in an Exchange listing statement (the "Listing Statement") prepared and filed by Rio Verde in respect of the Transaction.

Investors are cautioned that, except as disclosed in the Listing Statement (or other disclosure document prepared by Rio Verde) 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.

On behalf of the Board of Directors

Binyomin Posen

Chief Executive Officer, Chief Financial Officer & Director

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No recognized securities exchange accepts responsibility for the adequacy of this news release, which has been prepared by management of Rio Verde.

#### Cautionary Note Regarding Forward-Looking Statements

This news release contains statements that constitute “forward-looking statements.” Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause Rio Verde’s actual results, performance or achievements, or developments to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects,” “plans,” “anticipates,” “believes,” “intends,” “estimates,” “projects,” “potential” and similar expressions, or that events or conditions “will,” “would,” “may,” “could” or “should” occur.

Forward-looking statements in this document include, among others, statements relating to expectations regarding the completion of the Transaction (including all required approvals), the listing on the Exchange, the business plans of the Resulting Issuer and other statements that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: (a) that there is no assurance that the parties to the Transaction will obtain the requisite director, shareholder and regulatory approvals for the Transaction; (b) following completion of the Transaction, the Resulting Issuer may require additional financing from time to time in order to continue its operations which may not be available when needed or on acceptable terms and conditions; (c) domestic and foreign laws and regulations could adversely affect the Resulting Issuer’s business and results of operations; (d) the stock markets have experienced volatility that often has been unrelated to the performance of companies and these fluctuations may adversely affect the price of the Resulting Issuer’s securities, regardless of its operating performance; and (e) the impact of COVID-19.

The forward-looking information contained in this news release represents the expectations of Rio Verde as of the date of this news release and, accordingly, is subject to change after such

date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Rio Verde undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

Completion of the Transaction is subject to a number of conditions, including but not limited to Exchange acceptance and, if applicable, disinterested 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 Circular or Listing 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.

#### United States Disclaimer

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. Rio Verde's 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 U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) 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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