



Captor Capital Announces Letter of Intent for Reverse Takeover Transaction with Rimstock Holdings Limited

TORONTO, July 18, 2022 -- **Captor Capital Corp. (CSE: CPTR; FRANKFURT: NMVA; STUTTGART: NMVA)**, (“**Captor Capital**” or the “**Company**”), is pleased to announce that it has entered into a binding letter of intent (the “**LOI**”) dated July 15, 2022, with UK-based Rimstock Holdings Limited (“**Rimstock**”) in respect of a proposed business combination pursuant to which the Company will acquire 64.11% of Rimstock in exchange for share capital in the Company and cash considerations, which will result in the reverse takeover of Captor Capital by Rimstock (the “**Transaction**”).

It is currently contemplated that the Transaction will be effected by way of a share exchange of common shares of the Company for common shares of Rimstock (the “**Share Exchange**”). The resulting issuer that will exist upon completion of the Transaction (the “**Resulting Issuer**”) will change its business from cannabis to the electric and luxury vehicle industry. Upon closing of the Transaction (the “**Closing**”), it is expected that shareholders holding 64.11% of Rimstock will hold 72% of the issued and outstanding shares of the Resulting Issuer (the “**Resulting Issuer Shares**”) and current shareholders of Captor Capital will hold 28% of the issued and outstanding Resulting Issuer Shares (on a non-diluted basis).

The Transaction is to be completed concurrently with the Company’s strategic review announced on June 21, 2022 (the “**Strategic Review**”). The completion of the Strategic Review is expected to put the Company in an ideal position to effect the Transaction, allowing it to transition from the cannabis industry to the emerging electric vehicle vertical with the goal of maximizing shareholder value.

Description of Rimstock and its Business

Rimstock is a private company incorporated under the laws of the United Kingdom in 1985, with its head office located in West Bromwich, UK. Rimstock designs and manufactures high quality, lightweight, forged alloy wheels for some of the world’s most prestigious automotive OEMs. Rimstock manufactures wheels at its facility in West Bromwich in the West Midlands and operates foreign sales and marketing subsidiaries in Germany and the USA.

In 2018, Rimstock successfully transitioned from the production of cast rims to forged aluminum, which are relied upon heavily by the electric and premium/performance vehicle markets as Rimstock technology has been specifically engineered to provide high performance standards while factoring in weight and torque. Following a management change in 2021, Rimstock secured mid-to-long term contracts with premium and super premium brands who use Rimstock as their wheel platform of choice.

Select Financial Information for Rimstock

| | 3-Month Period Ended March 31, 2022 | Fiscal Year Ended December 31, 2021 |
|---------------|--|--|
| Revenue | £1,300,000 | £8,200,000 |
| Cost of Sales | £1,700,000 | £7,500,000 |
| Gross Profits | (£400,000) | £800,000 |
| Total Assets | £25,300,000 | £25,800,000 |

The financial information for Rimstock noted above are management prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and have not been reviewed nor audited by Rimstock’s auditors and may be subject to change. Past results are not a guarantee of future performance.

The Transaction

The LOI contemplates that Captor and Rimstock will negotiate and enter into a definitive agreement in respect to the Transaction (the “**Definitive Agreement**”), pursuant to which it is anticipated that the Company will acquire 64.11% of Rimstock’s issued and outstanding share capital in exchange for the aggregate purchase price of USD \$31,745,208 (the “**Purchase Price**”), which shall be paid in the following amounts:

- USD \$22,245,208 in shares of the Company with a deemed value of CAD \$0.25 per share, due upon the Closing;
- USD \$7,000,000 in cash, which shall be reserved in the treasury of the Company for use by the Resulting Issuer as working capital; and
- USD \$2,500,000 in cash as a non-refundable deposit, which will be converted into shares of Rimstock at a fully-diluted valuation of USD \$49,520,000 upon the earlier of: (i) the Closing; or (ii) the expiration of the exclusivity period set out under the LOI, which is 180 days from the date of the LOI.

Any additional cash in the treasury of the Company as of the Closing in excess of USD \$7,000,000 (less transaction fees) will be credited to the benefit of the Issuer’s existing shareholders.

It is anticipated that the Resulting Issuer will continue the business of Rimstock under a name to be determined by the

Company and Rimstock, which will result in a change of business of the Resulting Issuer.

Upon the completion of the Transaction, the Resulting Issuer shall have the option to acquire the remaining 35.89% of Rimstock's issued and outstanding shares from its remaining shareholders (the "**Call Option**"). The Call Option may not be exercised until 12 months from the Closing and will expire 24 months from the date thereof. The exercise price for the Call Option shall be based on a valuation to be determined by mutual agreement of the Company and Rimstock, acting reasonably, as of the date of exercise; however, in no circumstance will the valuation be less than USD \$49,520,000.

The completion of the Transaction is subject to a number of terms and conditions, including and without limitation: the negotiation and execution of the Definitive Agreement; there being no adverse material changes to Captor or Rimstock; the parties obtaining all necessary consents, orders, regulatory and shareholder approvals, as required, including the approval of the Canadian Securities Exchange ("**CSE**"); completion of financial review by each party of the other party; and other standard conditions of closing for a transaction similar in nature of the Transaction.

There can be no assurance that all of the necessary approvals will be obtained or that all conditions of closing will be met.

Upon completion of the Transaction, it is anticipated that the Resulting Issuer will be listed on the CSE.

Management of the Resulting Issuer

Upon Closing, the board of directors and executive management of the Company will be reconstituted and consist of a select number of nominees from Rimstock, subject to the approvals of the governing regulatory bodies, as applicable, and in compliance with applicable securities and corporate laws.

Details of insiders and proposed directors and officers of the Resulting Issuer will be disclosed in a further news release.

Closing Conditions

The completion of the transaction is subject to a number of conditions, including but not limited to:

- The execution of the Definitive Agreement;
- Receipt of all required regulatory and third-party consents and approvals relating to the Transaction under any contracts, licenses and other instruments that Issuer considers material to the business of Rimstock;
- Receipt of all required corporate and shareholder approvals, as the case may be, relating to the Transaction;
- Completion of mutually satisfactory due diligence;
- There being no prohibition at law against the completion of the Transaction; and
- No material adverse change shall have occurred in the business, results of operations, assets, liabilities, financial condition or affairs of Rimstock, financial or otherwise, between the date of the LOI and the closing of the Transaction.

Further Information

Further details about the Transaction and the Resulting Issuer will be provided in a comprehensive news release when the parties enter into the Definitive Agreement.

Investors are cautioned that any information release or received with respect to the Transaction in this news release may not be complete and should not be relied on. Trading in the common shares of the Company should be considered highly speculative.

The securities to be issued in connection with the Transaction 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 defined in Regulation S promulgated 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.

Completion of the Transaction is subject to a number of conditions, including acceptance by governing regulatory bodies and shareholder approval, if applicable. The Transaction cannot close until the required approvals are obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

On behalf of the Board of Directors,

Brady Cobb, Chairman
(705) 446-6630

For further information, please contact:

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Forward-Looking Information

This press release contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (“forward-looking information”). Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “believe”, “plan”, “estimate”, “expect”, “likely” and “intend” and statements that an event or result “may”, “will”, “should”, “could” or “might” occur or be achieved and other similar expressions. Forward-looking information in this press release includes, without limitation, the expected terms of the Transaction, the number of shares the Company and Rimstock may issue in connection with the Transaction, the ownership ratio of the Resulting Issuer post-Closing, Captor’s and Rimstock’s strategic plans, the parties’ ability to satisfy the closing conditions and receive necessary approvals, the outcome and expected completion of the Strategic Review, the maximization of shareholder value, the payment of the Purchase Price by the Company to Rimstock, and the management and board of the Resulting Issuer. These statements should not be read as guarantees of future performance or results.

Forward-looking information is subject to significant risks and uncertainties, and other factors that could cause actual results to differ materially from expected results. Such risks and uncertainties include, without limitation: the ability to obtain, in a timely manner, all necessary corporate, regulatory, stock exchange, shareholder and other third-party approvals to consummate the Transaction and the Strategic Review; the ability to perform satisfactory due diligence; the risk of any disruptions to the Company’s business and operations as a result of the COVID-19 pandemic; competition; conflict in eastern Europe; and changes in interest rates, inflation, foreign exchange rates, and the other risks involved in the investment industry and junior capital markets.

Readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date hereof and the Company and Rimstock assume no responsibility to update them or revise them to reflect new events or circumstances other than as required by law.

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