

POCML 5 Announces Update to Proposed Qualifying Transaction in Collective Mining Inc.

TORONTO, Jan. 21, 2021 (GLOBE NEWSWIRE) -- As previously announced on November 30, 2020, POCML 5 Inc. (TSXV: PCML.P) (the "Company" or "POCML5") entered into a binding letter agreement setting out the general terms of a business combination with Collective Mining Inc. ("Collective"), a privately held arm's length company incorporated under the *Business Corporations Act* (Ontario). Collective is a privately-held exploration and development company focused on identifying and exploring prospective gold projects in South America. Collective currently holds a 100% interest in two projects located in Colombia: (i) the San Antonio project (the "San Antonio Project"); and (ii) the Guayabales project (the "Guayabales Project"). The San Antonio Project is comprised of a 1,664-ha contiguous mining title located in a historical gold district in the Caldas department of Colombia. With recently completed geophysical and LIDAR surveys completed, the San Antonio Project has been advanced to the point where there are multiple drill-ready targets, which are expected to be tested in 2021. The Guayabales Project is a contiguous land package comprised of two mining titles totalling 413 ha and a 2,012-ha mining application also located in the Caldas department of Colombia. The Guayabales Project is currently in the early stages of prospecting. Upon completion of POCML5's proposed qualifying transaction (the "Transaction"), it is the intention of the parties that the Resulting Issuer (as defined below) will continue to primarily focus on the exploration and development of the San Antonio Project.

Subject to regulatory, shareholder, director and other approvals that may be required, and other conditions which shall be set out in a definitive business combination agreement among the Company, a wholly-owned subsidiary of the Company ("Subco") and Collective, Collective will amalgamate with Subco (the "Amalgamation") in order to facilitate the completion of the Transaction in accordance with the policies of the TSX Venture Exchange (the "TSXV"). Prior to the effective time of the Amalgamation, the Company will consolidate the issued and outstanding common shares in the capital of the Company on the basis of one "new" common share of the Company (a "POCML5 Share") for every four "old" common shares of the Company that were issued and outstanding. Application has been made to have the resulting issuer company (the "Resulting Issuer") categorized as a Tier 2 mining issuer on the TSXV upon completion of the Transaction. Upon completion of the Transaction, it is the intention of the parties that the Resulting Issuer will continue to primarily focus on the exploration and development of the San Antonio Project.

Collective Financing

POCML5 also announces a non-brokered private placement of subscription receipts ("Subscription Receipts") at a price of \$1.00 per Subscription Receipt to be sold by Collective and POCML5 to raise aggregate gross proceeds of a minimum of \$10,000,000 and up to \$15,000,000 (collectively, the "Offering"). Each Subscription Receipt issued by Collective shall entitle the holder to receive, upon satisfaction of the Escrow Release Condition (as defined below), and without payment of additional consideration, one unit in the capital of Collective (a "Unit"). Each Unit shall consist of one common share of Collective (a "Collective Share") and one-half of one Collective Share purchase warrant (each whole warrant, a "Warrant"), which Units shall be exchanged, without further consideration, for one Unit in the capital of the Resulting Issuer, upon the completion of the proposed Transaction. Following the exchange for Units of the Resulting Issuer, each common share purchase warrant of the Resulting Issuer (a "Resulting Issuer Warrant") shall entitle the holder thereof to acquire one POCML5 Share (a "Resulting Issuer Share") at a price of \$2.00 per Resulting Issuer Share for a period of 36 months, subject to an accelerated expiry option whereby the Resulting Issuer can trigger an accelerated 30 day expiry of the Resulting Issuer Warrants if the closing price of the Resulting Issuer Shares on the TSXV remains equal to or higher than \$2.60 for 20 consecutive trading days. On the 20th consecutive trading day at or above \$2.60 (the "Acceleration Trigger Date"), the Resulting Issuer Warrant expiry date may be accelerated to 30 trading days after the Acceleration Trigger Date by the issuance of a news release announcing such acceleration, within two trading days of the Acceleration Trigger Date. The Subscription Receipts issued by POCML5 will have similar economic terms to the Subscription Receipts issued by Collective except that on conversion a holder will receive Resulting Issuer Shares and Resulting Issuer Warrants in connection with the Transaction.

Management, insiders and members of PowerOne Capital Group are expected to subscribe for up to \$6 million, and the Company has received indicative offers for the balance of the Offering. The Offering is expected to close on or about February 17, 2021. The gross proceeds from the Offering (the "Escrowed Proceeds") will be held in escrow and will be released to Collective on the satisfaction of the Escrow Release Condition which shall occur on or prior to 5:00 pm (Toronto time) on May 31, 2021 (the "Termination Time"). The Escrowed Proceeds shall be released from escrow upon the satisfaction or waiver of all conditions precedent to the completion of the Transaction, including, without limitation, the conditional approval of the TSXV for the listing of Resulting Issuer Shares (the "Escrow Release Condition"). Upon satisfaction of the Escrow Release Condition, in addition to the automatic conversion of the Subscription Receipts into Collective Shares and Warrants (or Resulting Issuer Shares and Resulting Issuer Warrants, as the case may be) the Escrowed Proceeds will be released to the Collective. Upon closing of the Transaction, all Collective Shares and Warrants issued in connection with the Offering, together with all other Collective Shares, will automatically be exchanged for POCML5 Shares on a one-for-one basis. If the Escrow Release Condition has not occurred prior to the Termination Time, holders of Subscription Receipts will be refunded the gross proceeds paid for the Subscription Receipts when issued from treasury from the Escrowed Proceeds, including accrued and earned interest, and the Subscription Receipts will immediately become null, void and of no further force or effect.

In connection with the Offering, eligible finders will be issued units (the "Finder Units"), representing 5% of the number of Subscription Receipts placed by such eligible finders. Each Finder Unit will be comprised of one Collective Share and one-half

of one Warrant (or one Resulting Issuer Share and one-half of one Resulting Issuer Warrant, as the case may be).

It is expected that following the completion of the Transaction (assuming \$15,000,000 is raised pursuant to the Offering), shareholders of the Company will hold approximately 7% of the Resulting Issuer Shares, the current shareholders of Collective will hold approximately 55.4% of the Resulting Issuer Shares, and purchases in the Offering will hold approximately 37.6% of the Resulting Issuer Shares. In connection with the Transaction, and assuming \$15,000,000 is raised pursuant to the Offering, POCML5 will issue an aggregate of 37,117,462 Resulting Issuer Shares at a deemed value of \$1.00 per Resulting Issuer Share in consideration for the acquisition of all of the issued and outstanding Collective Shares.

Principal Purposes of Funds

Following the completion of the Transaction, the net proceeds from the Offering are anticipated to be used, principally, to perform exploration activities on Collective's projects in Colombia, and for general working capital purposes. While the Resulting Issuer intends to spend the funds available to it as stated above, there may be circumstances where for sound business reasons a reallocation of funds may be necessary.

Proposed Management and Board of Directors of the Resulting Issuer

Upon completion of the Transaction, it is anticipated that the persons identified below will serve as directors and officers of the Resulting Issuer:

Ari Sussman – Executive Chairman and a Director

Mr. Sussman was Chief Executive Officer and a director of Continental Gold Inc. ("Continental Gold"), which was the largest gold mining company in Colombia and the first to successfully permit and construct a modern large-scale underground gold mine in the country. Continental Gold was a former TSX-listed issuer, from March 2010, until it was acquired by Zijin Mining Group Co., Ltd. in March 2020 for over \$1.4 billion. Having dedicated the majority of his 25-year career to the resources industry, Mr. Sussman has been instrumental in sourcing and developing high-quality mineral assets and has raised more than \$1 billion for various resource companies.

Omar Ossma – President and Chief Executive Officer

Mr. Ossma, the former Vice President, Legal of Continental Gold, has over 15 years of legal experience in Colombian corporate, environmental, mining and energy law. As Vice President, Legal of Continental Gold, he oversaw the Colombian legal team and was responsible for all legal support efforts in the country. Prior to his tenure at Continental Gold, he served as Vice-President, Legal of Minas Paz Del Rio, S.A. and Legal Manager of Eco Oro Minerals Corp. Mr. Ossma has held senior positions as a lawyer in a number of mining and energy sector companies, including Empresa de Energía de Bogotá S.A. ESP and Grupo Endesa (Emgesa S.A. Esp. – Codensa S.A. Esp). He holds a law degree from Universidad Externado de Colombia.

Paul Begin – Chief Financial Officer and Corporate Secretary

Mr. Begin was Chief Financial Officer of Continental Gold from May 2011 to March 2020, prior to which he served as Chief Financial Officer and Corporate Secretary for Hanfeng Evergreen Inc., a developer and producer of value-added fertilizers in China and Southeast Asia (from 2009 until 2011), and Vice President and Chief Financial Officer of Trilliant Incorporated (formerly OZZ Corporation), a network solutions provider from 2004 until 2009. Prior to that, Mr. Begin served as Corporate Controller at MDC Partners Inc., a Canadian-based marketing communications and secure transactions company. Mr. Begin obtained his Chartered Accountant designation with BDO Dunwoody, LLP. Mr. Begin holds a Bachelor of Arts (Honours) degree in Political Science from the University of Western Ontario and a master's degree in Business Administration from the University of Toronto.

Paul Murphy – Independent Director

Mr. Murphy is currently the Chief Financial Officer of G2 Goldfields Inc. (TSXV:GTWO), and was formerly the Executive Vice President of Finance and Chief Financial Officer of Guyana Goldfields Inc. from 2010 to 2019, and also served as Chief Financial Officer of GPM Metals Inc. He is a retired partner of PricewaterhouseCoopers LLP (1981-2010), where he served as National Mining Leader and West Cluster Leader in Canada. Throughout his career, Mr. Murphy has worked primarily in the resource sector and his clients have included major international oil and gas, and mining companies. Mr. Murphy's professional experience includes financial reporting controls, operational effectiveness, IFRS and SEC reporting issues, financing, valuation, and taxation as they pertain to the mining sector. Mr. Murphy has a Bachelor of Commerce degree from Queen's University and has been qualified as a Chartered Accountant since 1975. He is also Chairman of the board of directors of Alamos Gold, Inc., a director of Generation Mining Limited and a former director of Continental Gold.

Kenneth Thomas – Independent Director

Dr. Thomas is President of Ken Thomas & Assoc. Inc. (since 2012), and was formerly Senior Vice-President, Projects at Kinross Gold Corporation ("Kinross") from 2009 to 2012. Prior to Kinross, Dr. Thomas was Global Managing Director and a Board Director at Hatch Ltd., for six years, a multinational engineering company that provides process design, business strategies, technologies, and project and construction management to the metals, infrastructure and energy market sectors. From 2003 to 2005, he was Chief Operating Officer at Crystallex International and, earlier in his career, spent 14 years at Barrick Gold Corporation, including as Senior Vice-President, Technical Services. Dr. Thomas earned his Ph.D. from Delft University of Technology in The Netherlands, with a focus on technical services and project execution. He is member of the

Professional Engineers of Ontario, and is a Past President and a Fellow of The Canadian Institute of Mining, Metallurgy & Petroleum (the "Institute"). In 1999 & 2001, the Institute awarded Dr. Thomas the Airey Award and Selwyn G. Blaylock Medal, respectively, for advancement in international mine design. Dr. Thomas is also a director of Cardinal Resources Limited, a former director of DRA Global and former lead director of Continental Gold.

María Constanza García Botero – Independent Director

Ms. García Botero has worked in public finance, urban development, infrastructure, mining, energy, and PPPs as an advisor or in various management positions at the National Planning Department, the Ministry of Finance, and the National Hydrocarbons Agency. From 2010 to 2012 she served as the Deputy Minister of Infrastructure at the Ministry of Transport (Colombia), and from 2012 to 2014 served as President of the National Mining Agency, Ministry of Mining and Energy (Colombia). More recently, Ms. García Botero was a senior manager with Deloitte in Bogota, Colombia (2018-2019), Under-Secretary of Access and Permanence with the Education Secretary in Bogota, Colombia (June 2019 – January 2020), and Director of Education at *Semana*, a weekly periodical magazine of opinion and analysis in Colombia (January 2020 – Present). Ms. García Botero graduated from the Technological University of Pereira, Colombia obtaining a degree in industrial engineering, and later obtained a master's degree in Urban and Regional Development Administration and Public Policy from Ohio State University.

Selected Financial Information of Collective

The following selected financial information is taken from the financial statements of Collective for the fiscal period ended December 31, 2020, which are expected to be included in the filing statement being prepared in connection with the Transaction: (i) total assets of US\$2.4 million; (ii) current liabilities of US\$0.3 million; (iii) deficit of US\$1.6 million; and shareholders' equity of US\$3.6 million.

Readers are cautioned that the above figures have not been audited and are based on calculations prepared by management. Actual results may differ from those reported in this press release once these figures have been audited.

Control Persons

There are 22,117,462 Collective Shares issued and outstanding, of which Ari Sussman, a resident of Toronto, Ontario, currently owns and controls 10,340,000 Collective Shares, representing approximately 46.8% of the total issued and outstanding Collective Shares as the date hereof (calculated on an undiluted basis). Following the completion of the Transaction, Mr. Sussman will be the only person that will own or control at least 20% of the Resulting Issuer Shares.

About the Company

The Company is a CPC within the meaning of the policies of the TSXV that has not commenced commercial operations and has no assets other than cash. Except as specifically contemplated in the CPC policies of the TSXV, until the completion of the Transaction, the Company will not carry on business, other than the identification and evaluation of companies, business or assets with a view to completing the Transaction.

For further information please contact:

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Completion of the Transaction is subject to a number of conditions including, but not limited to, Exchange acceptance and shareholder approval. The Transaction cannot close until all required shareholder approvals are 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 to be prepared in connection with the Proposed 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 CPC should be considered highly speculative.

The TSXV has in no way passed upon the merits of the Transaction and has neither approved nor disapproved the contents of this news release.

Cautionary Note Regarding Forward Looking Information

This news release contains statements about the Company's expectations regarding the proposed Transaction of the Company and the Offering which are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include general business, economic, competitive, political and social uncertainties; and the delay or failure to receive board, shareholder or regulatory approvals. The forward-looking statements contained in this press release are made as of the date hereof, and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, except as required by law.

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