

NEWS RELEASE

Volcanic enters into option agreement to acquire second gold property in Guinea

April 18, 2017 – Vancouver, British Columbia – Volcanic Gold Mines Inc. (“Volcanic”) (TSXV: VG) is pleased to report that it has entered into a binding letter agreement (the “Agreement”) to acquire 80% of West African Mining Associates SARL (“WAMA”), a private Guinean company. The assets of WAMA comprise two exploration permits and three mining permits (the “WAMA Project”), which together adjoin the entire length of the southern boundary of, and lie within the same mineralized trends as Volcanic’s existing Mandiana Project (“Mandiana”). This acquisition will expand Volcanic’s holding in the Mandiana district to almost 500 square kilometers.

The WAMA Project

One of the most notable mineralized occurrences within the WAMA Project is the Farabakoura Prospect. During 2014 and 2015 WAMA drilled 89 inclined RC holes beneath lateritic artisanal workings at Farabakoura, results of which include:

Hole	From (meters)	To (meters)	Interval (meters)	Gold Grade (g/t)	Comments
FKRC003	64	71	7	29.0	Visible gold observed in RC chips
incl.	64	65	1	171.0	
FKRC005	68	80 (end of hole)	12	40.1	Visible gold observed in RC chips
incl.	69	71	2	220.3	
FKRC006	74	80	6	14.8	
incl.	75	76	1	38.6	
FKRC035	52	56	4	6.2	
and	68	74	6	14.9	
FKRC037	77	80	3	9.1	
FKRC048	27	39	12	4.0	
FKRC051	103	120 (end of hole)	17	2.0	
FKRC071	62	69	7	103.5	Visible gold observed in RC chips
incl.	63	66	3	236.4	
FKRC074	71	77	6	17.0	
incl.	73	75	2	39.8	
FKRC075	69	75	6	6.7	
FKRC076	81	87	6	18.2	
incl.	81	83	2	52.2	
FKRC077	78	79	1	148.0	
FKRC087	43	49	6	65.8	
incl.	45	47	2	192.5	

The reader is advised that the above results are historic in nature and are yet to be verified by Volcanic.

As seen at Mandiana, artisanal workings at Farabakoura follow a semi-continuous north-south trend for approximately two kilometers, only a minor portion of which has been drill-tested. This trend is consistent with the orientation of dominant north-south mineralized structures seen elsewhere in the Siguiri Basin; east-west displacements to this structure appear to give rise to higher grade zones of auriferous quartz-vein stockworks.

QA/QC

Drilling was performed using a track-mounted UDR650 RC rig. Samples were then sent to ALS Minerals laboratory in Bamako, Mali where they were analyzed by 50 gram fire assay with an AAS finish. RC drill chips are preserved in chip trays, which have been inspected; quartz vein material similar to that observed in the overlying artisanal workings coincides with elevated gold values. Coarse, visible gold was observed in quartz veins from several holes. PVC drill collars are cemented and clearly labelled by WAMA, and are still in good condition. Based on verification of selected collars and their orientations against WAMA's drilling database, no discrepancies were observed.

The Agreement

Volcanic has the right to acquire 100% of the issued shares of a British Virgin Islands corporation ("BVI"), which will hold 80% of the issued shares of WAMA, on the following terms:

- (a) over a period of 34 months, Volcanic must issue in stages a total of 12 million shares pro-rata to the shareholders of BVI, and incur exploration expenditures on the WAMA Project in stages totalling at least CDN\$11.5 million. Of these expenditures, Volcanic must spend during an initial 120 day period ("Initial Phase") a minimum of CDN\$500,000 on evaluation exploration work, including drill-testing, after which Volcanic will decide if it wishes to continue making the prescribed share issuances and exploration expenditures to complete the acquisition of BVI and the WAMA Project.
- (b) Volcanic will assume, subject to certain conditions, US\$9.1 million of debt (the "Debt") currently owing by WAMA to its principal shareholder (the "Debt Holder"). The Debt will become payable by Volcanic only upon the definition by Volcanic of a minimum Mineral Resource prepared in a manner consistent with current definitions and requirements as set out by CIM and Canadian National Instrument 43-101 ("Minimum Resource") of 1.5 million ounces of gold at a minimum grade of 2.0 g/t gold on the WAMA Project. The Debt would be repaid partly in cash and partly in Volcanic shares. Volcanic will initially make a secured cash loan of US\$500,000 to the Debt Holder, toward payment of the Debt, but this loan will be reimbursed should Volcanic not opt to proceed beyond the Initial Phase.
- (c) Volcanic will issue warrants (the "Warrants") entitling the Debt Holder to purchase up to 6.0 million shares of Volcanic exercisable for a period of five years at a price of CDN\$1.00 per share, to be exercisable (i) as to 50% at such time as Volcanic has completed its acquisition of 100% of BVI and has established the Minimum Resource, and (ii) as to 100% at such time as Volcanic has completed its acquisition of BVI and has established a Mineral Resource prepared in a manner consistent with current definitions and requirements as set out by CIM and Canadian National Instrument 43-101 of at least 2.0 million ounces of gold at a minimum grade of 2.0 g/t gold.

The Agreement is subject to approval by the TSX Venture Exchange.

About Volcanic

Volcanic brings together a deeply experienced and successful mining, exploration and capital markets team focused on building a multi-million ounce gold resource in the underexplored West African country of Guinea and its neighbouring countries. Through the strategic acquisition of mineral properties with demonstrated potential for hosting gold resources, and by undertaking effective exploration and drill programs, Volcanic looks to become a leading junior gold resource company.

Qualified Person

Mr. Simon Meadows-Smith is a Qualified Person as defined by “*National Instrument 43-101 - Standards of Disclosure for Mineral Projects*” and has approved the disclosure of the scientific and technical information contained in this news release. Mr. Meadows-Smith holds a BSc degree in geology from Nottingham University, England, and has been involved in mineral exploration since 1988, including 20 years of experience working in West Africa. He is a Fellow in good standing of the Institute of Materials, Minerals & Mining in London.

For further information, contact Alex Langer, the Company’s VP Capital Markets, at 604-765-1604, or visit our website at www.volgold.com.

Volcanic Gold Mines Inc.

Jeremy Crozier, President

Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.

Forward-looking statements

Certain statements contained in this news release constitute forward-looking statements within the meaning of Canadian securities legislation. All statements included herein, other than statements of historical fact, are forward-looking statements and include, without limitation, statements about the Company’s proposed acquisition of the WAMA Project. Often, but not always, these forward looking statements can be identified by the use of words such as “estimate”, “estimates”, “estimated”, “potential”, “open”, “future”, “assumed”, “projected”, “used”, “detailed”, “has been”, “gain”, “upgraded”, “offset”, “limited”, “contained”, “reflecting”, “containing”, “remaining”, “to be”, “periodically”, or statements that events, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by forward-looking statements. Such uncertainties and factors include, among others, whether the Company will complete the acquisition of the WAMA Project as planned; changes in general economic conditions and financial markets; the Company or any joint venture partner not having the financial ability to meet its exploration and development goals; risks associated with the results of exploration and development activities, estimation of mineral resources and the geology, grade and continuity of mineral deposits; unanticipated costs and expenses; and such other risks detailed from time to time in the Company’s quarterly and annual filings with securities regulators and available under the Company’s profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to: that the Company will complete its acquisition of the WAMA Project as planned; that the Company’s stated goals and planned exploration and development activities will be achieved; that there will be no material adverse change affecting the Company or its properties; and such other assumptions as set out herein. Forward-looking statements are made as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements.