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Volcanic reports high grade gold-silver results in initial holes at Holly Project, Guatemala

July 7, 2021 – Vancouver, British Columbia – Volcanic Gold Mines Inc. (TSXV: VG) is pleased to report results from the initial three drill holes on La Peña target at the Holly project and provide an update on the ongoing drill program.

Highlights:

- 16 holes completed to date testing three distinct vein sets cutting the Jocotan fault zone.
- Drilling confirms the re-interpretation of vein orientation.
- Veins appear to be increasing in size with depth.

Simon Ridgway, Volcanic’s President and CEO commented: “Historic drilling at the Holly property in 2002-2003 identified several veins with very high grade gold-silver mineralization. Shallow and limited follow up drilling during the same period returned inconclusive results. In our 2021 exploration campaign, Volcanic Gold’s strong treasury allowed for a systematic approach with detailed mapping and closely spaced drilling, leading to new discoveries and a greater understanding of controls on mineralization with predictable vein intercepts on a number of the targets. Initial results from the first three holes at La Peña confirm high grade gold-silver continues to depth and we have commenced step out drilling along strike north and south and extending to depth.”

Table 1. Diamond drill significant results from Holly Project HDD-21-001 to 003 (Drilled intervals are shown with true widths estimated to be 88% of drilled interval.)

DrillHole	From	To	Interval (m)	Au (g/t)	Ag (g/t)
HDD-21-001	46.10	47.70	1.6	24.10	568
HDD-21-001	53.70	60.60	6.9	4.90	85
HDD-21-002	95.15	106.27	11.12	6.29	282
including	95.15	98	2.85	15.50	342
& including	102.35	105.22	2.87	8.08	633
HDD-21-003	101.85	112.50	10.65	5.29	256*

**One assay of 10 samples for HDD-21-003, 10.65m interval had silver over 1000 g/t and at the time of press the overlimit had not been received. The grade for the interval may improve once the +1000 g/t Ag over limit assay is received.*

The drill results shown in Table 1 include the significant higher grade intercepts but all three drill holes HDD-21-001 to 003 cut wide zones of silicification, stockwork veining, brecciation, and anomalous and lower grade gold silver mineralization.

HDD-21-004 was drilled to cut the La Peña zone 50m below 003 and intersected a broad zone of vein breccia and stockwork. Results should be returned soon. After the first four drill holes at La Peña the rig moved 200m east and 100m higher elevation to test the parallel El Pino structure. Four holes were drilled at El Pino, with results pending. Subsequently the rig moved to test the historic trail zone, now called Alpha vein. Four holes have been drilled at the Alpha vein over a strike length of 450m. Each hole has cut vein and vein breccia, with results pending.

Figure 1. La Peña Zone; Cross section.

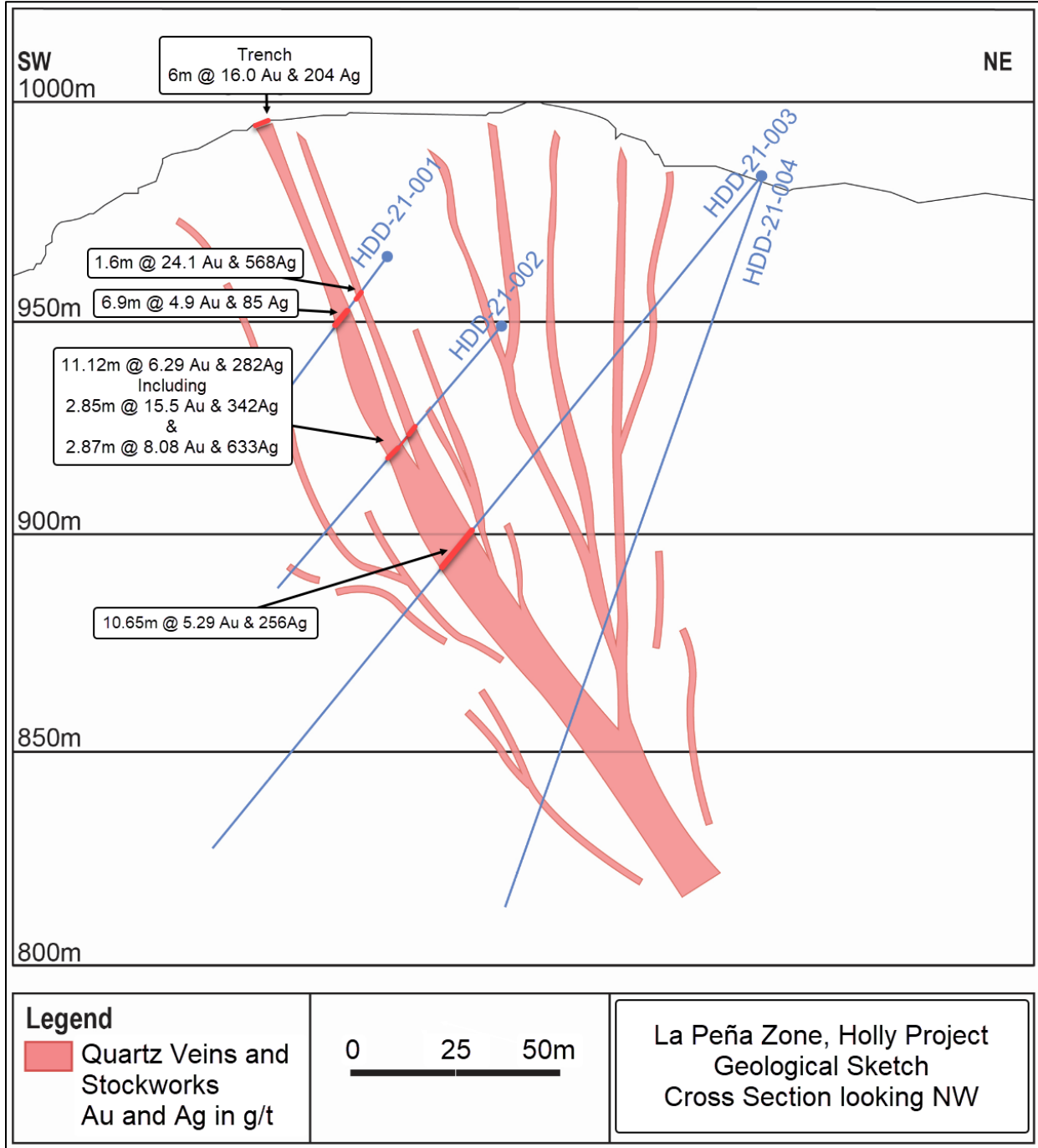


Figure 2. La Peña Zone; Long section.

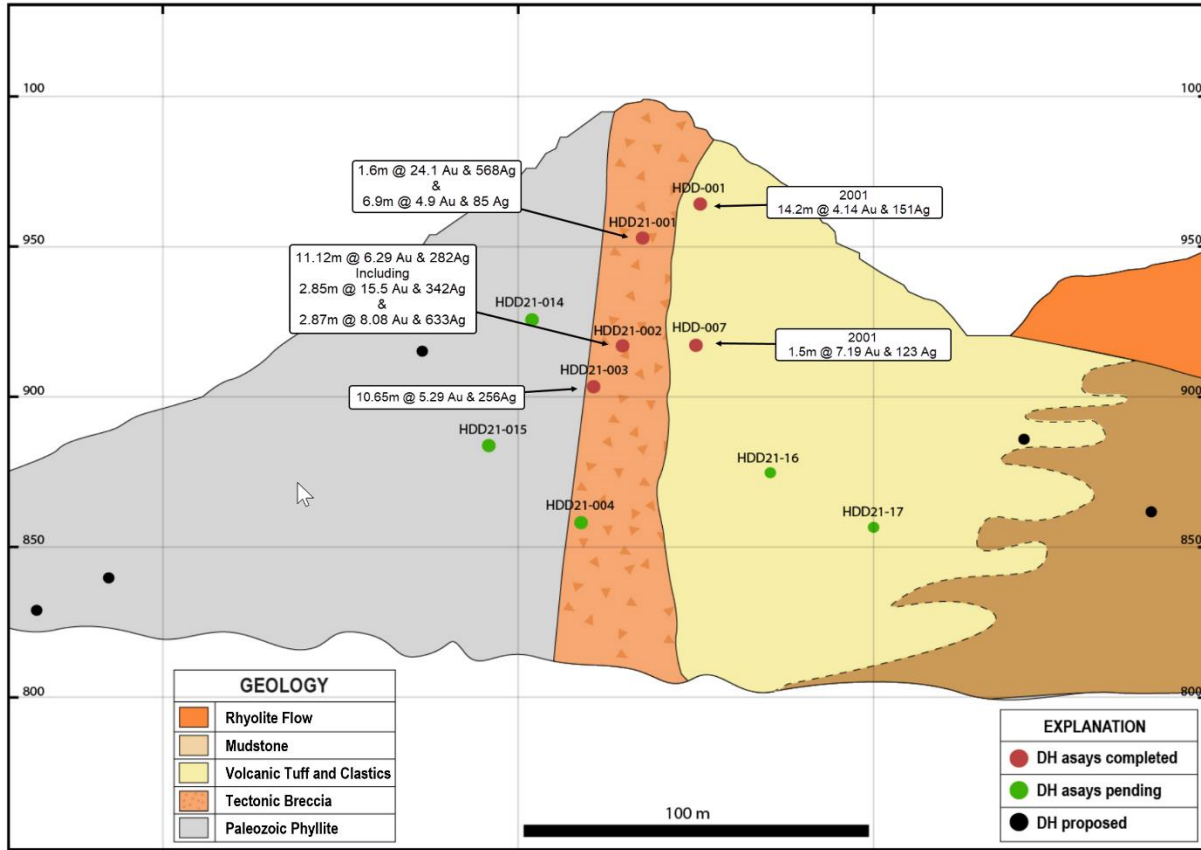
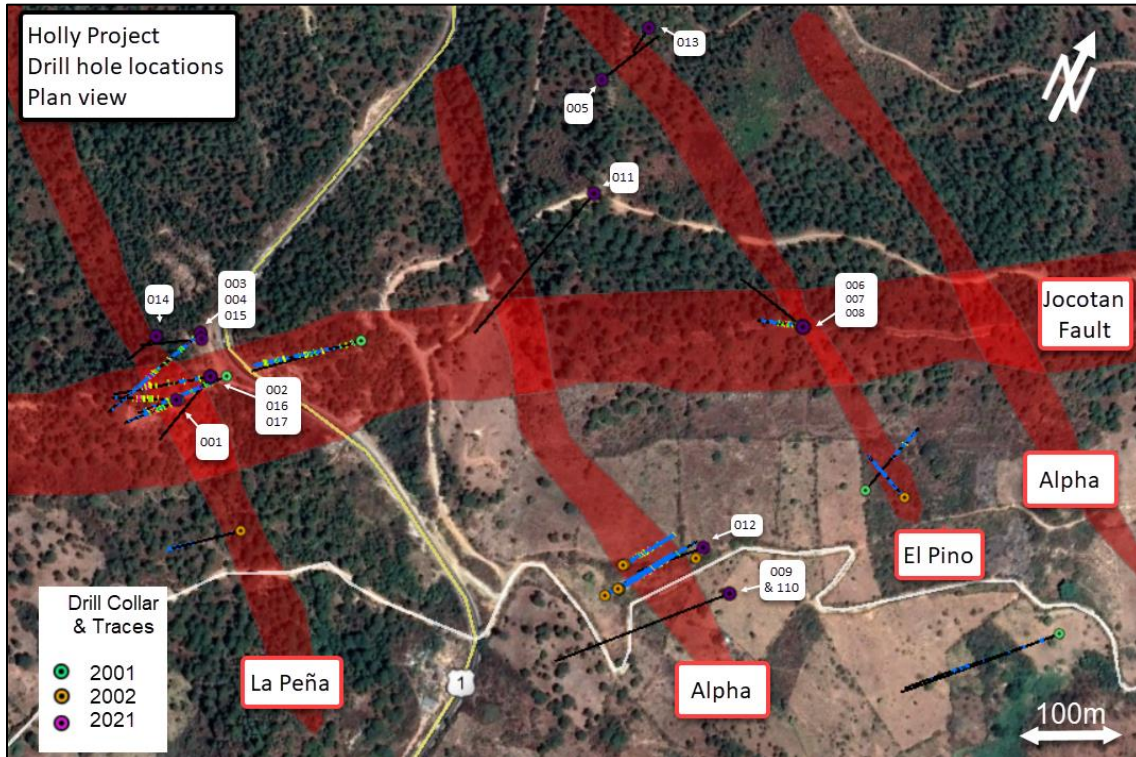


Figure 3. Holly Project; Plan view with drill collars and traces.



Technical Information

Bruce Smith, M.Sc. (Geology), a member of the Australian Institute of Geoscientists, is Volcanic's Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects. Mr. Smith has 27 years of mineral exploration experience and has prepared and approved the technical information contained in this news release.

Quality Assurance and Quality Control

Volcanic Gold follows industry standard procedures for diamond core drilling and analysis. Drilling is carried out using NQ and HQ size tooling. Drill core is cut in half using a rock saw with one-half of the core then taken as a sample for analysis. Sample intervals are generally 1m intervals, producing samples of between 2 to 9 kg. Half-core samples are delivered to the internationally certified Bureau Veritas Mineral laboratory facilities in Nicaragua where the samples are prepared. Assays are completed by Bureau Veritas in Canada. The samples are fire assayed for Au and are analysed for Ag and multi-elements using method code ICP following a four-acid digestion. Overlimits are analysed using an appropriate method. Multi-element geochemical standards and blanks are routinely entered into the drill core sample stream to monitor laboratory performance. Quality control samples submitted were returned within acceptable limits.

Terms of Guatemala Radius Gold and Volcanic Gold Mines option

Pursuant to an option agreement signed in May 2020 with Radius Gold Inc. (TSXV:RDU), Volcanic can earn a 60% interest in the Holly and Banderas projects by spending the cumulative amount of US\$7.0 million on exploration of the properties within 48 months from the date of the agreement. An initial US\$1M must be spent on exploration within the 12 months of receiving the required drill permits, which expenditure will include a minimum 3,000m of drilling on the properties.

Following the exercise of the Option, Volcanic will enter into a standard 60/40 Joint Venture in order to further develop the Properties. Volcanic has also been granted an exclusive right to evaluate all other property interests of Radius in Guatemala with a right to acquire an interest in any or all other such properties on reasonable terms.

About Volcanic

Volcanic brings together an experienced and successful mining, exploration and capital markets team focused on building multi-million-ounce gold and silver resources in underexplored countries. Through the strategic acquisition of mineral properties with demonstrated potential for hosting gold and silver resources, and by undertaking effective exploration and drill programs, Volcanic intends to become a leading gold-silver company.

For further information, visit our website at www.volgold.com.

Volcanic Gold Mines Inc.

Simon Ridgway, President and CEO

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 plans for exploration work in Guatemala. 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's planned exploration work will be proceed as intended; 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'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.