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TSX.V: VG

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Recent announcement from Aura Mines is a positive step for Mining in Guatemala

Vancouver, British Columbia – Volcanic Gold Mines Inc. (TSXV: VG) (“Volcanic” or “the Company”) is pleased to note the announcement on January 6th that Aura Minerals Inc., the owners of the Era Dorado Project (previously known as the Cerro Blanco gold deposit) have received a construction license and have commenced early works on the development of an underground mine. (See news release January 6, 2026 Aura Minerals Inc. (NASDAQ: AUGO))

This marks a significant milestone for the advancement of this project and for the future of mining in Guatemala. With a stated aim of producing over 1.6 Moz gold at a rate of 100-120 koz per year, the Era Dorado mine will provide a significant boost to the local and national economy (see news release December 8, 2025 -- Aura Minerals Inc. (NASDAQ: AUGO)).

The management of Volcanic has believed for some time that the start of construction of an underground mine at Era Dorado would be an important step for the development of Volcanic’s nearby Holly project. The Holly project is located some 40 km north of Aura’s Era Dorado project, is connected by paved road, and has an inferred mineral resource of 1.32 million tonnes at 6.46 g/t Au and 256 g/t Ag⁽¹⁾ for 270,000 oz contained gold and 11 Moz contained silver. The Company believes that Holly has potential to be developed as an underground mine. Despite good support from many of the communities of the area, some groups within the local and municipal councils have stated that they oppose the project. Development of the nearby Era Dorado mine in an environmentally and socially responsible manner should alleviate some of the opposition’s concerns. Volcanic’s management believe that it is important to have majority support and unilateral acceptance before resuming exploration and development of the Holly project.

Simon Ridgway, President and Chief Executive Officer of Volcanic Gold Mines, commented: "Since 2022, when demonstrations resulted in suspension of our drilling campaign, we have worked with the local community promoting the benefits of restarting work at the Holly Project. There is now an opportunity for the inhabitants of the area to see the advantages that responsible mining can bring to a region. Steady reliable employment creates prosperity that spreads far beyond those directly employed at the mine."

The Company continues to review a number of other opportunities both within Guatemala and other parts of Central America.

(1) News Release, Volcanic Gold Mines Inc. Volcanic files NI 43-101 technical report for Initial Resource Estimate at Holly Project, Guatemala, July 27, 2022.

Technical information

Luc English, PhD, Vice-President, Exploration of the Company, is a chartered geologist and fellow of the Geological Society of London, and is the Company's Qualified Person as defined by National Instrument 43-101 (Standards of Disclosure for Mineral Projects). Dr. English has reviewed and approved the technical information contained in this news release.

The Holly project mineral resource is 1.3 million tonnes at 6.5 g/t for 270,000 ounces contained gold and 11 million ounces at 260 g/t contained silver, which equates to 9.6 g/t at 410,000 oz gold equivalent, with an effective date of June 7, 2022.

1. Resources estimated using a 3.0 g/t gold equivalent cut-off grade and a top cap grade of 100 g/t gold and 2,000 g/t silver and presented on a 100-per-cent basis.
2. Gold equivalent values were based on \$1,800 for gold and \$22 for silver.
3. Mineral resources are not mineral reserves and have not demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing or other relevant issues. The mineral resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on mineral resources and reserves, definitions, and guidelines prepared by the CIM standing committee on reserve definitions and adopted by the CIM council, notwithstanding, to meet the requirement that the reported mineral resources show reasonable prospects for eventual economic extraction.
4. The quantity and grade of reported Inferred resources in this estimation are uncertain in nature, and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource. It is uncertain whether further exploration will result in an upgrade to indicated or measured mineral resource category.

About Volcanic Gold Mines Inc.

Volcanic brings together an experienced and successful mining, exploration and capital market team focused on building multimillion-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

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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 its property interests 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, the uncertainties inherent in the mineral resource estimates; whether the Company's plans for its property interests in Guatemala will 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.sedarplus.ca. 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.