

Volcanic Gold Mines Inc to commence permitting work at Holly/Banderas Properties, Guatemala

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Vancouver, August 19, 2020 - [Volcanic Gold Mines Inc.](#) (TSXV: VG) is pleased to provide an update on its option (the "Option") to acquire a 60% interest in the Holly and Banderas Properties in Guatemala from Radius Gold Inc. (TSXV:RDU). Volcanic is now preparing to commence the permitting work which is required as part of preparations for a drill program at the Properties.

Under the terms of the Option, Volcanic can earn a 60% interest in the Holly and Banderas Properties (full details of the Properties are available on the Company's website) by completing a minimum C\$3 million financing (closed on July 27, 2020) and spending US\$7.0 million on exploration of the Properties within 48 months from the date drilling permits are granted. An initial US\$1.0 million must be spent on exploration within 12 months of receiving the required drill permits, including a minimum 3,000m of drilling. As well, Volcanic must make a cash payment to Radius of C\$100k. Following the exercise of the Option, Volcanic will enter into a 60/40 joint venture with Radius in order to further develop the Properties.

The TSX Venture Exchange (the "Exchange") has approved the terms of the Option agreement with Radius Gold, and confirmed that the Company has completed the Exchange's filing requirements, including providing a title opinion and draft geological report, in order to proceed with the Option. Due to COVID-19 restrictions, travel to Guatemala is not currently possible and although the Qualified Person that authored the geological report has been to the Properties in the past, he has not been there in recent years. Accordingly, the Exchange has required that drilling on the Properties will not begin until a QP is able to visit the Properties and the geological report is then finalized and approved by the Exchange.

During the Option period, Volcanic will act as the operator of the Properties. Volcanic intends to apply to Guatemalan mining ministry for the permit it requires to initiate the drill program. Radius Gold's geological and administrative staff, people who call Guatemala home, have discovered, and permitted dozens of exploration properties in Guatemala, including Cerro Blanco and several other properties that have become mines. Volcanic intends to employ Radius Gold's team in Guatemala in order to run the permitting process and the exploration programs on the Properties. The relationship that Radius Gold has enjoyed with the villages and towns that are in and around the project area will therefore continue to the benefit of Volcanic.

Volcanic will now commence the initial permitting steps which will include community consultation and preparation of an environmental impact study. This work is expected to take several weeks, after which Volcanic intends to define drill targets on the Properties and prepare the drill permit applications. While the Government of Guatemala has made public statements confirming that mining is a priority for the economy going forward, there is no guarantee the government will grant the required permits or the timing of any such grant. If the permits are not granted, Volcanic will not be able to complete the exploration program required to exercise the Option, the Option will terminate, and Radius will remain the 100% owner of the Holly and Banderas Properties.

Simon Ridgway, CEO and Director of Radius Gold and a Director of Volcanic, comments: "The process to acquire the necessary permits to drill exploration targets in Guatemala has, like almost every other mining jurisdiction in the world, become more difficult in recent years. However, our teams have permitted many programs in Guatemala and I do not see this as a major risk factor for Volcanic, especially as the Option agreement states that the time period for the Option earn-in does not start until the required permits are in hand."

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.](#)

Charles Straw, Director/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 option to acquire an interest in the Holly and Banderas Properties, and proposed permitting and exploration work thereon. 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 exercise its option to acquire an interest in the Holly and Banderas Properties, and whether the Company will obtain the necessary permitting and Exchange approval to conduct exploration work thereon; 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 exercise its option to acquire an interest in the Holly and Banderas Properties; that the Company will receive the necessary permitting and Exchange approval to allow it to conduct exploration work on such Properties; 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.

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