Volcanic Gold Commissions Technical Report on Holly Project as Part of Permit Upgrade and Continues with Stakeholder Engagement

written by Raj Shah | February 8, 2023

February 8, 2023 (Source) – Volcanic Gold Mines Inc. (TSXV:VG) (“**Volcanic**” or the “**Company**”) is pleased to announce it has continued to advance mining studies on the flagship Holly Project in preparation to upgrade the exploration license to an exploitation license. The Holly project has an inferred Mineral Resource of 1.3 Mt at 6.5 g/t for 270,000 oz contained gold and 260 g/t silver for 11 Moz contained silver, which equates to 9.6 g/t at 410,000 oz gold equivalent* (see news release July 27, 2022). The mineral resource is supported by excellent infrastructure with a paved road passing through the project area and is located less than 70 km from Bluestone Resources’ Cerro Blanco gold mine development project. Resource drilling and sub-surface exploration is at an early stage: the mineralization remains open along strike and at depth, and there are several additional mineralized veins identified at surface that have not yet been drill tested.

The Company considers that the demonstrated high-grade and good access to a nearby mine development project means that the Holly Project has a good chance of being developed. Further drilling will determine whether Holly will support a stand-alone mill, or if the ore should be processed elsewhere. Based on this positive outlook the Company is applying to upgrade the Holly exploration

license to an exploitation license.

Technical studies to support the application are underway. Volcanic is continuing to monitor and build environmental, hydrogeological, and social baseline studies for the Holly property. Guatemalan and Mexican-based engineering companies have been commissioned to compile the technical studies and civil engineering design for an underground mining project, with assumed processing off-site. This study is expected to be completed in the first Quarter. The mine design will be an early-stage concept for permitting purposes and will not meet the requirements of a preliminary economic assessment.

As stated in previous news releases (see news releases Sep 1 and Sep 28, 2022), the Company intends to resume drilling at the Holly property once Bluestone has been granted a permit to build a mine at Cerro Blanco. Bluestone has issued an update on Cerro Blanco (see Bluestone news release Oct 3, 2022). Successful permitting of the Cerro Blanco Project will demonstrate that the Authorities and communities are ready to develop Guatemala's considerable precious metal resource potential and provide the confidence required for Volcanic to resume exploration and resource definition at Holly.

Simon Ridgway, Volcanic Gold Mines President and CEO, commented:

"Within the last 12 months, the Company has released an initial, high-grade Mineral Resource estimate on the Holly Project and commissioned a technical report in support of applying to upgrade the Project's exploration license to an exploitation license. The project would be well serviced by the infrastructure surrounding it in a development and production scenario and these engineering studies reflect our confidence in the future potential of this project and the steps that we are taking to work collaboratively with the government and

communities to create a brighter future for economic and social development in the area.”

Volcanic continues to engage with local stakeholders. The Company is working hard to inform and educate the local communities on the potential impacts of mining exploration and development operations with transparent and constructive dialogue regarding the job opportunities and overall economic benefits that would be generated. At the same time, Volcanic is actively working with the local communities to further develop and deliver impactful community programs.

Technical Information

Luc English PhD, who is a Chartered Geologist and Fellow of the Geological Society of London, 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.

* Gold Equivalent (AuEq) values based on US$1800 Au and US$22 Ag, using formula: gold g/t + (silver g/t*0.01222).

The Holly project mineral resource has an effective date 7 June 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%-basis
2. Gold Equivalent Au(eq) values based on Au$1800 and Ag$22 using formula (Au g/t + (Ag g/t*0.01222))
3. Mineral Resources which are not Mineral Reserves 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 if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.

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. Thr ough 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 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 planned exploration work will be proceed as intended; whether the Company will acquire any new property interests in Guatemala; 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.