

VOLCANIC METALS CORP.
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NEWS RELEASE

VOLCANIC COMPLETES \$1.0 MILLION FINANCING AND PROVIDES UPDATE ON ITS PROPOSED ACQUISITION OF THE MANDIANA PROJECT

January 5th, 2017 – Vancouver, British Columbia – Volcanic Metals Corp. (the “Company”) (TSXV: VOL), further to its news release dated November 8, 2016, is pleased to announce that the Company has completed a non-brokered private placement for aggregate gross proceeds of \$1,000,000 (the “Financing”).

The Financing consisted of 6,666,667 units (the “Units”) at \$0.15 per unit. Each unit consists of one common share and one-half-of-one warrant, each whole warrant entitling the holder to purchase one additional common share of the Company at \$0.25 until January 5, 2018. The warrants are subject to an acceleration provision such that if the closing price of the Company’s shares for 10 consecutive trading days is \$0.40 or greater, the Company may give notice to the holders of the warrants that the warrants will expire 30 calendar days after receipt of such notice.

In connection with the Financing, the Company paid a cash commission totaling \$9,765 and issued 241,733 finder’s common shares and 427,700 finder’s warrants. Each finder’s warrant entitles the holder to acquire one common share, at price of \$0.25 until January 5, 2018 and are subject to the same acceleration provision mentioned above. All securities issued in connection with the Financing are subject to a statutory hold period expiring May 6, 2017.

The Company also announces that it has received conditional approval from the TSX Venture Exchange (the “Exchange”) for its proposed acquisition of the Mandiana Project, located in Guinea, from Sovereign Mines of Africa plc as further described in the Company’s news release of November 8, 2016 (the “Acquisition”). Completion of the Acquisition remains subject to submission of final filings with the Exchange.

The Company advises that its common shares will resume trading at the market open on Tuesday, January 10, 2017, under the ticker symbol “VOL”.

Further, the Company announces that its board of directors has approved a change in the Company’s name to “Volcanic Gold Mines Inc.”. The name change will be effected upon closing of the Acquisition.

For further information, contact Michael Iverson at 604.856.9887 or Jeremy Crozier at 604.801.5432.

On behalf of the Board,

Volcanic Metals Corp.

Michael Iverson President & Chief Executive Officer

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release may include forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in

forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required under the applicable laws.