Consolidated Financial Statements

For the Years Ended December 31, 2012 and 2011

…exploring for petroleum and minerals in Canada…
searching new areas for large deposits…

VULCAN MINERALS INC.
December 31, 2012 and 2011

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This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address exploration, drilling, exploration activities and events or developments that Vulcan Minerals Inc. (the "Company") expects are forward-looking statements. 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 the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements.

INTRODUCTION

The Consolidated Financial Statements and comparative information have been prepared in Canadian dollars and in accordance with International Accounting Standard ("IAS") 1 "Presentation of Financial Statements", as issued by the International Accounting Standards Board ("IASB").

General Business

The Company is engaged in mineral and petroleum exploration on properties in Newfoundland and Labrador. The Company's efforts have focused on exploring these properties. The Company is a pure exploration venture and has no proven petroleum or mineral reserves.

The MDA should be read in conjunction with the consolidated financial statements for the year ended December 31, 2012 and accompanying notes.

DATE

The date of this MDA is March 20, 2013.

OVERALL PERFORMANCE

For the year ended December 31, 2012, total assets decreased to $10,044,079 (2011 - $13,373,004) reflecting a decrease in petroleum and natural gas exploration and evaluation assets from $9,792,196 to $3,598,967 (as a result of the sale and write-down of assets during 2012) and a decrease in investments (shares in public companies - see Financial Instruments and Other Instruments) offset by an increase in cash from $2,157,286 to $5,129,360. Current liabilities related to normal trade payables and current exploration activities decreased to $63,713 (2011 - $814,666). Other accrued liabilities relate to premiums on flow-through monies to be spent; the amount accrued for 2012 is $Nil (2011 - $63,208). The Company had revenue increases related to a gain on the sale of the offshore Labrador working interest of $1,249,551; interest income of $48,304 was higher than the prior year (2011 - $35,734) due to increased cash balances. Inventory and Deposits increased due to the reclassification of some inventory and deposits related to petroleum and natural from exploration and evaluation assets to inventory and deposits held.

General and administrative expenses were higher for the year ended December 31, 2012 ($866,790) compared to 2011 ($710,938) and include the following material components:

General & Admin. Expenses Include:	Year Ended December 31		
	2012	2011	Change
	$	$	%
Office & Administrative (including reimbursements)	**34,495**	(338,763)	110%
Management, Salaries & Contact Fees & Benefits	**579,687**	748,403	-23%
Directors Fees	**14,000**	14,000	0%
Transfer Agent & Professional Fees	**188,262**	238,646	-21%
Travel & Accommodation	**50,346**	48,652	3%

Although actual office expenses were fairly consistent year over year, reimbursements of G&A in 2011 were higher as personnel spent more time during 2011 on compensated joint venture projects. Management and subcontract fees decreased in 2012 as a result of a decrease in personnel. Professional fees were higher in 2011 as a result of professional fees relating to corporate work. Travel and accommodation was slightly higher in 2012. There was a net loss for the year of $1,667,038 compared to a net loss of $1,735,617 in 2011. Net loss was lower in 2012 as a result of other income of $1,249,551, decreased stock based compensation expenses during 2012 of $60,261 (2011-$182,980), and a deferred income tax recovery of $765,787 (2011-$67,929) offset by the write-off of petroleum and natural gas assets of $2,647,806 and higher G&A per above.

SELECTED ANNUAL INFORMATION

Year Ended December 31	2012	2011	2010
	$	$	$
Total Revenue	**1,297,855**	**35,734**	**526,193**
Net Loss	**(1,667,038)**	**(1,735,617)**	**(414,557)**
Net Loss per Share - basic & diluted	**(0.03)**	**(0.03)**	**(0.01)**
Total Assets	**10,044,079**	**13,373,004**	**15,056,149**
Total Long-term Financial Liabilities	**-**	**919,024**	**730,444**
Cash Dividends	**Nil**	**Nil**	**Nil**

Revenue in 2012 relates to a gain on the sale of 50% working interest in the offshore Labrador licence of $1,249,551 and interest earned; 2011 revenue relates to interest earned; revenue in 2010 relates to the sale of a working interest in EP 03-101 at Parsons Pond for $500,000. Net loss in 2012 was a result of write-offs of exploration costs and higher G&A. Net loss in 2011 was a result of write-offs of exploration costs and higher G&A and stock based compensation expenses. Net loss in 2010 was a result of an IFRS adjustment to deferred income tax expense of $459,723. Assets decreased from 2010 to 2012 as a result of divestments of oil and gas properties and a decrease in the value of investments.

RESULTS OF OPERATIONS

Western Newfoundland-Petroleum (Onshore)

Bay St. George

Effective May 1, 2012, the Company holds a 2.0% gross overriding royalty in three petroleum permits in the Bay St. George area, onshore western Newfoundland. Pursuant to a joint venture, the Company previously operated and explored these properties accumulating a database of geophysical and geological data and drilled eleven wildcat wells in this unexplored area. There have been two gas discoveries as well as a shallow oil discovery (Flat Bay) on the permits. These discoveries are unconventional because of tight reservoir conditions requiring significant expenditures to evaluate their commerciality. These expenditures were deemed to be beyond the ability of the Company to pursue and as a result the Company elected to convert its 50% working interest to a royalty position and a cash payment of $2,500,000 enabling the Company to share any future production without any operational risks or costs.

The operator, Investcan Energy Corporation ("Investcan") (former 50% working interest owner), is currently conducting evaluation work on the permits.

Parsons Pond

The Parsons Pond permits are situated on the west side of the northern peninsula in western Newfoundland. This is a frontier onshore petroleum exploration area. The Company has held non-operating minority interests in this area for several years.

On August 6, 2009, Nalcor Energy acquired an average 67% working interest and operatorship in the permits from a private company. Nalcor Energy is a provincial (Newfoundland and Labrador) crown corporation active in hydro-electric generation and oil and gas development. The first well, Seamus #1, on exploration permit 03-103 reached a total depth of 3,160 metres in late May 2010 and is currently suspended. The Company owned a 10% working interest in EP 03-103.

The second well, Finnegan #1, on exploration permit 03-102 (where the Company owned a 7.39% working interest) reached a total depth of 3,130 metres in early December 2010. The well encountered natural gas and is currently suspended. These wells were the first deep wells to be drilled in this part of the Cambrian-Ordovician aged Anticosti Basin in western Newfoundland.

Based on the drill results and the Company's evaluation of the prospectivity of the permits, the Company entered into an agreement in October 2012 to relinquish all of its working interest in both permits to the operator.

Labrador Offshore

Effective May 15, 2012, the Company sold its 30% working interest in the Labrador Offshore exploration licence 1107 ("EL 1107") to Investcan for a cash payment of $1,750,000 and "success" payments of $500,000 upon the spudding of a well on EL 1107 or the sale by Investcan of its total interest in the licence whichever comes first, and a further $500,000 upon the issuance of any significant discovery licence contained within the exploration licence.

EL 1107 covers 236,525 hectares (584,000 acres) of the Hopedale Basin on the Labrador continental shelf and was acquired in September 2008 with Investcan. An exploration licence confers the right to explore for petroleum for six years (Period I) with a possible additional period of three years.

Western Newfoundland Offshore

Through its interests in NWest Energy Corp. ("NWest"), the Company has exposure to the exploration potential of offshore western Newfoundland. The Company was a founding shareholder of NWest in 2006 and currently owns approximately 19% of its outstanding shares.

In January 2012, NWest announced it had entered into an agreement with Shoal Point Energy Ltd. ("Shoal Pt") in which Shoal Pt acquired 100% working interest in licence EL 1079R, amongst other things, for securities and a 2% royalty on the licence. This transaction was approved at NWest's annual and special meeting of shareholders on March 21, 2012. This transaction provides NWest shareholders with ongoing exposure to the offshore Green Point tight oil play in western Newfoundland on EL 1079R. In March 2012, NWest further announced that it has entered into a non-binding letter of intent with Caribe Oil & Gas Ltd. ("Caribe"), a private Alberta corporation focused on exploration and development of oil and gas properties in Argentina, pursuant to which NWest would amalgamate with Caribe to form a new company. Due to unfavorable equity market conditions, NWest announced on April 25, 2012 that the proposed transaction was cancelled.

Mineral Properties

TL Nickel-Copper-PGM

The TL Nickel-Copper-Platinum group element property in Labrador is situated approximately 80 km northwest of the Voisey's Bay world-class nickel-copper-cobalt mine. The property was optioned to Nortec Minerals Corp. ("Nortec") in 2003. Nortec has spent sufficient funds to keep the property in good standing since that time. An airborne geophysical survey was completed as of May 21, 2008 by Geotech using the VTEM system. A drilling program was carried out on the property during the summer of 2008 with approximately 1,960 metres drilled. Nortec earned 51% working interest in the property. Significant drill intersections of mineralization were encountered including 14 metres of 1.02% Nickel, 0.51% Copper, and 0.03% Cobalt. Full assay results are available on the Company's website at www.vulcanminerals.ca. In February 2013, the Company entered into an agreement with Nortec to acquire Nortec's 51% working interest in the property subject to a 1% royalty with certain buyback provisions. This transaction was conditionally approved by the TSX Venture Exchange February 25, 2013; upon closing, the Company will hold 100% working interest in the property. The Company is conducting a full review, integration and interpretation of all previous work towards formulating a strategic exploration program.

Flat Bay Potash/Salt

Effective August 17, 2012, the Company holds a 3.0% net production royalty in the mineral rights over a portion of the northern Bay St. George Basin (approximately 89,884 acres) now owned by Red Moon Potash Inc. (a subsidiary of the Company). The Bay St. George area is part of the larger Maritimes Basin which is a significant producer of salt and potash, including the Sussex mine operated and under current expansion by the Potash Corporation of Saskatchewan in New Brunswick.

In 2002, the Company drilled the Captain Cook #1 well which discovered a 165-meter thick section of evaporites consisting of halite (salt) and a potentially significant potash zone. Analysis of the core indicated grades varying from 4.44% - 20.40% K_2O (potassium oxide). In 2004, the Company drilled the Flat Bay #2 well, which intersected approximately 200 metres of salt approximately 2 km from Captain Cook. Geological analysis suggests that these discoveries are connected and that a potentially significant salt/potash resource exists in the area. In late 2011, the Company carried out a high resolution airborne gravity survey (Fugro Surveys) over the prospective lands for potash and salt to further enhance the geologic understanding of the deposits and assist with drill target prioritization.

On July 25, 2012, the shareholders of the Company approved a corporate re-organization whereby the Company spun-out these mineral exploration assets in the Bay St. George basin into a separate publicly traded subsidiary company, Red Moon Potash Inc. ("Red Moon"). Red Moon was listed for trading on the TSX Venture Exchange on August 17, 2012. The Company currently holds approximately 58% of the issued and outstanding shares of Red Moon. Red Moon is planning a drill program for potash and salt in 2013.

<u>Plans for 2013</u>

With the conversion of the Company's 50% working interest in the Bay St. George onshore petroleum permits to a 2.0% royalty (see Bay St. George above) and the sale of its offshore Labrador interest (see Labrador Offshore above), the Company is pursuing other opportunities where it can utilize its petroleum/mineral exploration expertise to add value to the Company. The Company has a relatively strong cash position and no debt which will be advantageous in acquiring and generating new projects in the currently depressed equity markets for resource companies.

The Company is undertaking a full review and integration of all geologic, geophysical and drilling data on the TL Nickel property towards formulating a new exploration program.

The Company continues to integrate all the data in the Bay St. George basin towards assisting Red Moon with its future drilling program for potash/salt.

SUMMARY OF QUARTERLY RESULTS

Quarter	Total Revenue	Net (Loss) Income	Net (Loss) Income per share
	$	$	$
December 31, 2012	**14,736**	(810,780)	(0.02)
September 30, 2012	**16,725**	337,872	0.01
June 30, 2012	**1,259,658**	(1,139,850)	(0.02)
March 31, 2012	**6,736**	(54,280)	-
December 31, 2011	**7,993**	(848,977)	(0.01)
September 30, 2011	**8,864**	(394,083)	(0.01)
June 30, 2011	**9,495**	(152,235)	-
March 31, 2011	**9,382**	(340,322)	(0.01)

Total revenues quarter over quarter is limited to interest income earned every period except for June 30, 2012 in which $1,249,551 was received as a gain on the sale of the offshore Labrador licence. Net loss was greater for the quarters ended December 31, 2012 and June 30, 2012 as a result of write-offs of PNG exploration and evaluation assets and for the quarter ended December 31, 2011 as a result of write-offs of PNG exploration and mineral deposits and higher stock based compensation and G&A costs.

LIQUIDITY

At year-end, the Company had current assets of $5,304,643 of which $5,129,360 is cash and cash equivalents, including $650,696 held by the Company's consolidated subsidiary, Red Moon Potash Inc. This cash is readily available and is not subject to subprime debt issues nor asset backed commercial debt.

The Company has no long-term debt and as such is not sensitive to interest rate fluctuation on debt instruments. The Company has no unpaid accrued or contingent liabilities that could materially affect its financial position except for the item disclosed in the notes to the consolidated financial statements. The Company was required to post refundable security deposits with the Government of Newfoundland and Labrador for drilling and other petroleum operations in Western Newfoundland. The Company's cash and cash equivalents are held in bank accounts with no exposure to equity market fluctuations.

Currently, the Company has no production revenue from petroleum and natural gas or minerals. Further issuance of equity and joint venturing will be required to carry on the business of the Company in the longer term. Because of volatility in the equity and commodity markets there is no guarantee either source of funding will be available in the future.

CAPITAL RESOURCES

The Company carries out exploration on petroleum permits and mineral licenses in Newfoundland and Labrador. These tenure instruments require annual work obligations in order to maintain ownership. Failure to fulfill work obligations would result in loss of ownership interest. The following table sets out the Company's current petroleum and mineral interests.

Tenure Instrument	Project	Interest Ownership
Petroleum Permits		
Permit 96-105	Bay St. George, Western Newfoundland	2.0% gross overriding royalty (GORR)
Permit 03-106	Bay St. George, Western Newfoundland	2.0% GORR
Permit 03-107	Bay St. George, Western Newfoundland	2.0% GORR
Permit 03-102	Parsons Pond, Western Newfoundland	Relinquished
Permit 03-103	Parsons Pond, Western Newfoundland	Relinquished
Mineral Licences		
015834M	TL Nickel, Labrador	49% plus pending 51% acquisition
014138M	Kingurutik, Labrador	Relinquished
008838M	Bay St. George, Western Newfoundland	3.0% net production royalty (NPR)
006107M	Bay St. George, Western Newfoundland	3.0% NPR
010069M	Bay St. George, Western Newfoundland	3.0% NPR
017955M	Bay St. George, Western Newfoundland	3.0% NPR
017956M	Bay St. George, Western Newfoundland	3.0% NPR
018054M	Bay St. George, Western Newfoundland	3.0% NPR
018929M	Bay St. George, Western Newfoundland	3.0% NPR
019059M	Bay St. George, Western Newfoundland	3.0% NPR
019130M	Bay St. George, Western Newfoundland	3.0% NPR
019131M	Bay St. George, Western Newfoundland	3.0% NPR
019304M	Bay St. George, Western Newfoundland	3.0% NPR
019305M	Bay St. George, Western Newfoundland	3.0% NPR

Tenure Instrument	Project	Interest Ownership
020265M	Bay St. George, Western Newfoundland	3.0% NPR

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the year, the Company paid premises rent aggregating $24,000 (2011: $24,000) to a private company owned and controlled by the President and a director of the Company. As well, he received $195,500 (2011: $195,500) in management fees.

Directors' fees were paid during the year of $14,000 (2011 - $14,000). Included in accounts payable and accrued liabilities are management fees due to the President of $5,300 (2011 – $4,800).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

PROPOSED TRANSACTIONS

The Company through its normal course of business solicits partners for some of its exploration prospects, both petroleum and minerals.

CRITICAL ACCOUNTING ESTIMATES

Any critical accounting estimates are disclosed in the consolidated financial statements.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective, as per below:

IAS 27 Separate Financial Statements will replace the existing IAS 27 "Consolidated and Separate Financial Statements". IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013.

IFRS 9 Financial Instruments was issued in 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities-Non – Monetary Contributions by Venturers and is effective for annual periods on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurements defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013.

The Company is currently evaluating the impact of the above standards on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's assets include cash and cash equivalents. These cash equivalents include a bank account and a treasury account.

The Company currently holds 1,400,000 shares in Nortec, a public company pursuant to mineral property option agreements dated May 30, 2003 and July 30, 2008. The shares have been valued as an investment of $70,000 on the balance sheet at December 31, 2012. These shares are all free trading. The Company may sell those shares at its discretion in context of the market value and prospects for Nortec.

The Company currently holds 1,796,437 shares in NWest and has recorded the shares at market of $161,679 on the balance sheet at December 31, 2012. The Company may sell those free trading shares at its discretion in context of the market value and prospects for NWest.

The Company currently holds 150,000 shares in Commander Resources Ltd., a public company, pursuant to a mineral property letter agreement dated February 27, 2007. The shares have been valued as an investment of $7,500 on the balance sheet at December 31, 2012. The Company may sell those shares at its discretion in context of the market value and prospects for Commander Resources Ltd.

Business Risks

The Company is a junior exploration company principally involved in mineral and oil and gas exploration which is an inherently high-risk activity. The business of exploring for, developing, acquiring, producing oil and natural gas and minerals is subject to many risks and uncertainties, several of which are beyond the control of the Company. These risks are operational, financial, legal and regulatory in nature.

Operational risks include unsuccessful exploration and development drilling activity, reservoir performance, safety and environmental concerns, access to cost effective contract services, escalating industry costs for contracted services and equipment, product marketing and hiring and retaining qualified employees.

The Company is subject to financial risk as exploration is capital intensive and the Company has no sources of funding other than equity financing and joint venture financing arrangements. Only the skills of management and staff in mineral and oil and gas exploration and exploration financing serve to mitigate these risks.

The Company is subject to a variety of regulatory risks that it does not control. Government and Securities regulations are monitored to ensure the Company continues to be in compliance.

The Company also mitigates many of the above risks by having diversified exploration projects at low cost to the Company and to attract JV partners to finance further exploration. The more projects that can be generated and the longer the Company can obtain financing the better its chances for achieving success. The Company has been in business for 18 years and has a solid foundation technically, corporately and financially to go forward and be positioned for future success.

Financial Risk Factors

Other financial risk factors in which the Company is exposed to are outlined below:

Credit risk
The Company provided credit to its joint venture partners in the normal course of its operations. At December 31, 2012, the Company did not have any joint venture partners, accordingly there was no credit risk associated with joint venture partners. Management believes that the credit risk with respect to accounts receivable is immaterial. The credit risk on cash is limited because the counterparty is a chartered bank with a high credit rating. The Company does not expect any liquidity issues or credit losses on these amounts.

Liquidity risk
The Company believes it has sufficient liquidity to meet its current obligations as a result of securing additional funds through equity and partnering transactions. The Company manages it liquidity risk by continuously monitoring forecasts and actual cash flows.

Commodity price risk
The recoverability of the Company's petroleum and natural gas and mineral properties is partially related to the market price of oil and gas and base metals. The Company does not hedge this exposure to fluctuations in commodity prices. Commodity price risk from a production perspective is not applicable because the Company is not a producing entity. The Company’s ability to continue with its exploration program is also indirectly subject to commodity prices.

Interest rate risk
The Company's cash balances are held in bank accounts or invested in short-term deposit certificates. The Company has no debt. The Company believes its interest rate risk is not significant.

Foreign exchange risk
The majority of transactions for the Company are in Canadian funds. The Company believes its foreign exchange risk is minimal..

Market Price Risk
The value of the Company's investments is exposed to fluctuations in value depending on a number of factors, including the quoted market price and the market value of the commodities that the companies may focus on. The Company does not utilize any derivative contracts to reduce this exposure.

SHARE CAPITAL

As of the date of this management discussion and analysis the Company has 57,526,129 voting common shares outstanding. The Company's share capital consists of an unlimited number of voting common shares and an unlimited number of preferred shares of which there are none outstanding.

As a result of the corporate reorganization in which certain mineral assets were transferred to Red Moon, the number of the Company's shares issuable upon exercise of the Company's outstanding stock options and warrants were increased and the exercise price per share of each such stock option and warrant were reduced. The term to expiry, conditions to and manner of exercising, vesting schedule, adjustment provisions, status under applicable laws and all other terms and conditions of the stock options and warrants remain unchanged. The resulting changes are set forth below.

At the end of the year, the Company had outstanding 2,667,761 options to purchase voting common shares consisting of the following:

Date Issued	Number	Exercise Price	Details
June 27, 2008	911,889	$0.99	Employee & Directors' Options Expiry June 27, 2013
April 22, 2009	360,443	$0.44	Director's Options, Expiry April 22, 2014
August 3, 2010	978,345	$0.44	Director's Options, Expiry August 3, 2015
August 3, 2010	365,592	$0.44	Employee Options, Expiry August 3, 2013
September 1, 2010	51,492	$0.44	Employee Options, Expiry September 1, 2013

At the end of the year, the Company had 182,951 warrants exercisable into voting common shares consisting of the following:

Date Issued	Number	Exercise Price	Details
December 29, 2011	182,951	$0.29	Expiry December 29, 2013

ADDITIONAL INFORMATION

All corporate disclosure documents are filed on www.sedar.com. Additional information regarding the Company's projects and activities are available at www.vulcanminerals.ca.

Management's Report

The accompanying financial statements are the responsibility of management. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include amounts based on management's best estimates and judgments.

Management of the Company has established and maintains a system of internal control that provides reasonable assurance as to the integrity of the financial statements and the safeguarding of the Company's assets.

The Board of Directors, through its Audit Committee, oversees management in carrying out its responsibilities for financial reporting and systems of internal control. The financials statements have been approved by the Board of Directors on recommendation from the Audit Committee. The external auditors have full and free access to the Audit Committee.

Patrick J. Laracy
President and Chief Executive Officer
March 20, 2013

Dawn Bishop
Chief Financial Officer

March 20, 2013

Independent Auditor's Report

To the Shareholders of
Vulcan Minerals Inc.

We have audited the accompanying consolidated financial statements of Vulcan Minerals Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2012 and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vulcan Minerals Inc. and its subsidiaries as at December 31, 2012 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter
The financial statements of Vulcan Minerals Inc. for the year ended December 31, 2011, were audited by another auditor who expressed an unmodified opinion on those statements on March 28, 2012.

(signed) "*PricewaterhouseCoopers LLP*"

Chartered Accountants

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VULCAN MINERALS INC.
Consolidated Balance Sheets
As at

(in Canadian dollars)		**December 31, 2012**		December 31, 2011
Assets				
Current assets				
Cash and cash equivalents	**$**	**5,129,360**	$	2,157,286
Accounts receivable		**14,033**		65,448
Prepaid expenses		**28,026**		14,628
Deposits		**24,000**		-
Inventory		**109,224**		-
		5,304,643		2,237,362
Deposits		**286,400**		209,029
Investments (Note 6)		**239,179**		476,430
Mineral exploration and evaluation (Note 7)		**451,901**		437,868
Petroleum and natural gas exploration and evaluation (Note 8)		**3,598,967**		9,792,196
Equipment (Note 9)		**162,989**		220,119
Total Assets	**$**	**10,044,079**	$	13,373,004
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**63,713**	$	814,666
Asset retirement obligations (Note 10)		**-**		63,208
Deferred income taxes (Note 11 (a))		**96,161**		855,816
Total Liabilities		**159,874**		1,733,690
Equity				
Shareholders' equity		**9,438,175**		11,639,314
Non-controlling interest		**446,030**		-
		9,884,205		11,639,314
Total Liabilities and Equity	**$**	**10,044,079**	$	13,373,004

Nature of operations (Note 1)

Contingency (Note 18)

Subsequent Event (Note 19)

Approved on behalf of the Board of Directors on March 20, 2013

Patrick J. Laracy ("signed") **Director**

Rex Gibbons ("signed") **Director**

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Consolidated Statements of Loss
Years Ended December 31

(in Canadian dollars)		**2012**		2011
Other Income (Expenses)				
Interest income	**$**	**48,304**	$	35,734
Gain on sale of petroleum and natural gas exploration and evaluation		**1,249,551**		-
Write-off/loss of petroleum and natural gas exploration and evaluation		**(2,647,806)**		(879,469)
General and administrative (Note 15 & 16)		**(866,790)**		(710,938)
Stock-based compensation (Note 13)		**(60,261)**		(182,980)
Depreciation		**(70,286)**		(59,866)
Unrealized loss on investments		**(85,500)**		-
Net loss before income taxes		**(2,432,788)**		(1,797,519)
Income taxes				
Other tax expense		**37**		6,027
Deferred income tax recovery (Note 11 (b))		**(765,787)**		(67,929)
		(765,750)		(61,902)
Net loss	**$**	**(1,667,038)**	$	(1,735,617)
Net loss attributable to:				
Common shareholders		**(1,619,101)**		(1,735,617)
Non-controlling interest		**(47,937)**		-
	$	**(1,667,038)**	$	(1,735,617)
Net loss per share - basic and diluted	**$**	**(0.03)**	$	(0.03)
Weighted-average number of common shares outstanding - basic and diluted		**57,526,129**		57,179,006

Consolidated Statements of Comprehensive Loss
Years Ended December 31

(in Canadian dollars)		**2012**		2011
Net loss	**$**	**(1,667,038)**	$	(1,735,617)
Other comprehensive loss:				
Change in unrealized loss on available-for-sale financial assets, (net of tax)		**(157,882)**		(316,381)
Comprehensive loss	**$**	**(1,824,920)**	$	(2,051,998)
Comprehensive loss attributable to:				
Common shareholders		**(1,776,983)**		(2,051,998)
Non-controlling interest		**(47,937)**		-
	$	**(1,824,920)**	$	(2,051,998)

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Consolidated Statements of Changes in Equity

(in Canadian dollars)

	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	Notes 12 (a) and (b)	*Note 12 (d)*	*Note 12 (c)*					
Balance, December 31, 2010	19,496,717	2,069,864	419,176	85,120	(8,739,405)	13,331,472		13,331,472
Net loss and comprehensive loss, January 1, 2011 - December 31, 2011				(316,381)	(1,735,617)	(2,051,998)	-	(2,051,998)
Issued pursuant to private placements	47,250		5,250			52,500		52,500
Share issuance costs	(865)					(865)		(865)
Stock options vested during the year		308,205				308,205	-	308,205
Warrants expired during the year		419,176	(419,176)			-	-	-
Balance, December 31, 2011	$ 19,543,102	$ 2,797,245	$ 5,250	$ (231,261)	$ (10,475,022)	$ 11,639,314	$ -	$ 11,639,314
Net loss and comprehensive loss, January 1, 2012 - December 31, 2012				(157,882)	(1,619,101)	(1,776,983)	(47,937)	(1,824,920)
Stock options vested during the year		68,999				68,999		68,999
Corporate re-organization adjustments	(70)	812	70			812		812
NCI as result of corporate re-organization	(493,967)					(493,967)	493,967	-
Balance, December 31, 2012	**$ 19,049,065**	**$ 2,867,056**	**$ 5,320**	**$ (389,143)**	**$ (12,094,123)**	**$ 9,438,175**	**$ 446,030**	**$ 9,884,205**

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Consolidated Statements of Cash Flows
Years Ended December 31

(in Canadian dollars)		**2012**		2011
Operating Activities				
Interest receipts	**$**	**48,304**	$	35,734
Operating payments		**(925,636)**		(725,317)
		(877,332)		(689,583)
Financing Activities				
Issuance of common shares		**-**		70,000
Share issuance costs		**-**		(1,225)
		-		68,775
Investing Activities				
Mineral properties expenditures		**(12,252)**		(420,790)
Petroleum and natural gas properties expenditures		**(378,253)**		(1,314,350)
Petroleum and natural gas properties proceeds from divestments		**4,250,000**		-
Acquisition of equipment		**(10,089)**		(163,141)
		3,849,406		(1,898,281)
Cash (outflow) inflow		**2,972,074**		(2,519,089)
Cash and cash equivalents, beginning of year		**2,157,286**		4,676,375
Cash and Cash Equivalents, end of year	**$**	**5,129,360**	$	2,157,286
Cash and cash equivalents are comprised of:				
Deposits with banks	**$**	**5,129,360**	$	954,938
Guaranteed investment certificates, interest rate of Nil (2011-1.0%)		**-**		1,202,348
	$	**5,129,360**	$	2,157,286

Supplemental cash flow information (Note 14)

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Vulcan Minerals Inc. and its subsidiaries (the "Company") are engaged in the evaluation, acquisition and exploration of mineral and petroleum and natural gas properties in Newfoundland and Labrador. The Company plans to ultimately develop the properties as joint ventures, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain reserves that are economically recoverable and the Company is considered to be in the exploration stage.

The Company is a publicly traded company, incorporated under the laws of the Province of Alberta, Canada. Its registered address is 333 Duckworth Street, St. John's, NL A1C 1G9.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 20, 2013.

2. BASIS OF PRESENTATION

These consolidated financial statements present the Company's financial results of operations and financial position under International Financial Reporting Standards ("IFRS") as at and for the year ended December 31, 2012, including 2011 comparative periods. As a result, they have been prepared in accordance with International Accounting Standard ("IAS") 1 "Presentation of Financial Statements", as issued by the International Accounting Standards Board ("IASB").

A summary of the Company's significant accounting policies under IFRS is presented in Note 3.

These consolidated financial statements have been prepared on a historical cost basis, except for investments and share-based compensation which are measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries, which are inactive as well as Red Moon Potash Inc., a subsidiary controlled by the Company in which the Company has 57.75% ownership. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interests in the net assets of Red Moon Potash Inc. are identified separately from the Company's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets, income (loss), and other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation (continued)

Interests in jointly controlled assets are accounted for using the proportionate consolidation method, whereby the Company's proportionate share of revenue, expense, assets and liabilities are included in the accounts.

b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value less costs to sell. All transaction costs are expensed.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

c) Foreign currencies

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. Any gains and losses are recorded in the consolidated statement of earnings (loss).

d) Significant management accounting estimates and judgements

The timely preparation of the consolidated financial statements requires that Management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts as future confirming events occur. Significant estimates and judgments made by Management in the preparation of these consolidated financial statements are outlined below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant management accounting estimates and judgements (continued)

Amounts recorded for depreciation, depletion and amortization and amounts used for impairment calculations are based on estimates of natural gas and liquids reserves. By their nature, the estimates of reserves, including the estimates of future prices, costs, discount rates and the related future cash flows, are subject to measurement uncertainty. Accordingly, the impact in the consolidated financial statements of future periods could be material.

The decision to transfer assets from exploration and evaluation to property, plant and equipment is based on the estimated proved reserves used in the determination of an area's technical feasibility and commercial viability.

The Company follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Deferred income tax assets are assessed by Management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

e) Revenue recognition

Revenue from the sale of petroleum and natural gas will be recognized when title passes from the Company to its customer, the product is delivered and there is reasonable assurance of collection.

f) Share-based payments

The Company only has equity settled share-based payment plans. The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees. The fair value of options is determined using the Black-Scholes option pricing model and is amortized to earnings or loss over the vesting period with an offset to contributed surplus. When options are exercised, the corresponding share-based payment reserve and the proceeds received by the Company are credited to share capital.

Forfeiture of stock options is estimated at 4% per year based on historical numbers. The number of stock options expected to vest is reviewed at least annually with any adjustment being recognized immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in earnings or loss except to the extent that they relate to items recognized directly in shareholders' equity or in other comprehensive income.

Current tax expense comprises the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle current tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses, unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

h) Earnings (loss) per share

Basic net earnings (loss) per share are calculated by dividing net earnings (loss) by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is equivalent to basic loss per share as the inclusion of outstanding options and warrants is anti-dilutive.

i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and short-term investments such as guaranteed investment certificates, cashable at any time.

j) Deposits

The Company makes deposits on its various mineral properties which are refundable when and if the Company incurs sufficient exploration expenditures within a specified time frame and files a related report with the appropriate government authorities. Should the Company not incur the applicable exploration expenditures, post a bond in lieu thereof or fail to submit the related exploration report within the applicable timeframe, the deposit becomes non-refundable and is added to mineral properties. Deposits relating to petroleum and natural gas consist of bond deposits, abandonments and work commitments which are refundable once either work has been completed or the site abandoned. All of the deposits to date relate to petroleum and natural gas exploration and evaluation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Inventory

The Company has inventory of casing purchased for previous drilling which was not utilized. The Company may sell or use this inventory in a future period. The cost recorded is based on the historical cost for the casing and is reviewed periodically for impairment in conjunction with the exploration and evaluation assets.

l) Exploration and evaluation ("E&E")

All costs directly associated with the exploration and evaluation of petroleum and natural gas reserves and mineral properties are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include unproved property acquisition costs, geological and geophysical costs, asset retirement costs, exploration and evaluation drilling, sampling and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to net earnings or loss as exploration and evaluation expense.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property, plant and equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to net earnings or loss as exploration and evaluation expense.

The Company defines technical feasibility and commercial viability if there is an economic, commercial discovery and cash flows can be demonstrated and achieved.

Incidental revenue and cost recoveries relating to E&E are recorded first as a reduction of the specific E&E property to which the fees and payments relate, and any excess as other revenue on the consolidated statement of earnings (loss).

m) Petroleum and natural gas properties ("PNG")

Capitalized costs

All costs related to the acquisition, exploration, and development of petroleum and natural gas reserves are initially capitalized. Costs capitalized include land acquisition costs, geological and geophysical expenditures, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, together with overhead and interest directly related to acquisition, exploration and development activities, asset retirement costs, and lease and well equipment.

Depreciation

Costs capitalized will be depreciated using the unit-of-production method based on the estimated gross proved reserves before royalties, as will be determined by independent engineers. Petroleum and natural gas reserves and production are converted into equivalent units based on their estimated relative energy content at a ratio of six thousand cubic feet of

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Petroleum and natural gas properties (“PNG”) (continued)

Depreciation (continued)

natural gas to one barrel of oil. The cost of unproved properties are excluded initially from costs subject to depreciation until it is determined whether or not proved reserves are attributable to the properties or impairment has occurred. These unproved properties are assessed regularly to ascertain whether impairment has occurred.

n) Equipment

Equipment is recorded at cost. Depreciation is based on their estimated useful life using the declining balance method at rates ranging from 20% to 30% per annum. The Company has three classes of equipment assets: drilling rig depreciated using 30% declining balance; furniture and fixtures using 20% declining balance depreciation; and computer equipment using 30% declining balance depreciation.

o) Impairment

If non-financial assets are determined to be impaired, an impairment test is carried out in which the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell (“FVLCS”) and value-in-use (“VIU”). For the purpose of impairment test, E&E, PNG and Equipment are grouped together into the smallest group of assets that generates cash flows from continuing use, that are largely independent of the cash flows of other assets or groups of assets (the “cash-generating unit” or “CGU”). VIU is determined by estimating the discounted future cash flows expected to be derived from continuing use of the assets. In determining FVLCS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Estimates of future cash flows used in the evaluation of impairment of assets are made using forecasts of commodity prices, market supply and demand, product margins and, in the case of oil and gas properties, expected reserves volumes. The cash flows used in the impairment test are generally derived from the information contained in the reserve reports, which are prepared annually by independent qualified reserve evaluators and management's assumptions based on past experience.

Impairment losses are recognized in the consolidated statement of earnings (loss) and reported within exploration and evaluation expense. Impairment losses recognized in respect of a CGU are allocated first, to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized,

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Impairment (continued)

the impairment loss is reversed up to the original carrying value of the asset that would have been determined, net of depletion, depreciation and amortization, if no impairment loss had been recognized. Such reversal is recognized in the consolidated statement of earnings (loss) and reported within exploration and evaluation expense.

p) Asset retirement obligations

The Company recognizes a liability for retirement obligations associated with long-lived assets, which includes the abandonment of petroleum and natural gas wells, related facilities, compressors and plants, removal of equipment from leased acreage and returning such land to its original condition.

The Company recognizes the fair value of the liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is determined through a review of engineering studies, industry guidelines, and management estimates. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the asset's risk-adjusted discount rate. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statements of loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized using the unit-of-production method based on estimated gross proved reserves as determined by independent engineers.

q) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through common shares, whereby the related resource expenditure deductions normally available for income tax purposes are renounced to investors, in accordance with flow-through share agreements. At the time of share issuance, the proceeds are allocated between share capital and the obligation to deliver the tax deduction (flow through premium liability).

Deferred income taxes related to the temporary differences created by the renouncement of flow-through share tax benefits to subscribers are recorded on a pro-rata basis as the qualified expenditures are incurred. The tax value of the renunciation is recorded as a deferred income tax liability with a corresponding charge to deferred income tax expense in the statement of loss. Additionally, as the qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow through premium liability as a recovery of deferred income taxes in the statement of loss.

r) Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "loans and receivables", "available-for-sale", "held-to-maturity", or "financial liabilities measured at amortized cost" as defined by the accounting standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Financial instruments (continued)

Financial assets and financial liabilities at “fair value through profit or loss” are either classified as "held for trading" or "designated at fair value through profit or loss" and are measured at fair value with changes in those fair values recognized in net earnings (loss).

Financial assets classified as “loans and receivables”, “held-to-maturity”, and "financial liabilities measured at amortized cost" are measured at amortized cost using the effective interest method of amortization. Cash and cash equivalents, accounts receivable and deposits are classified as “loans and receivables”. Accounts payable and accrued liabilities are classified as “financial liabilities measured at amortized cost”.

Non-derivative financial assets not included in the above categories are classified as Available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive income (loss) and recognized in the statement of income (loss).

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

Transaction costs are included in the initial carrying amount of financial instruments, except for fair value through profit or loss items which are expensed as incurred.

The Company has determined that it does not have embedded derivatives.

4. FUTURE ACCOUNTING CHANGES

IAS 27 Separate Financial Statements will replace the existing IAS 27 “Consolidated and Separate Financial Statements”. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments. IAS 27 is effective for annual periods beginning on or after January 1, 2013.

IAS 28 Investments in Associates and Joint Ventures was amended in 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013.

IFRS 9 Financial Instruments was issued in 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard

4. FUTURE ACCOUNTING CHANGES (continued)

also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities-Non – Monetary Contributions by Venturers and is effective for annual periods on or after January 1, 2013.

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013.

IFRS 13 Fair Value Measurements defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

The Company is currently evaluating the impact of the above standards on its consolidated financial statements.

5. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its accumulated capital in order to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of capital and equity comprised of share capital, warrants, share based payment reserve and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2011.

6. INVESTMENTS

	31-Dec-12	31-Dec-11
	$	$
Investments	**239,179**	476,430

Investments, classified as available for sale, consist of:

Shares in a public company received as consideration for option payments on mineral claims with a cost of $123,600. At December 31, 2012, the market value of the shares is $70,000 (December 31, 2011 - $168,000).

Shares in a public company in which the Company transferred its interest in an offshore exploration license with a cost of $497,223. At December 31, 2012, the market value of the shares is $161,679 (December 31, 2011 - $287,430).

Shares in a public company received as consideration for option payments on mineral claims with an original value of $93,000. At December 31, 2012, the market value of the shares is $7,500 (December 31, 2011 – $21,000).

7. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 14 mineral licenses (13 of which are held by Red Moon Potash Inc.) (December 31, 2011 – 14), which consists of 1,674 claims (December 31, 2011 – 1,900), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. All of these licenses are in the exploration and evaluation stage. A summary of the costs of these licenses is as below.

	31-Dec-12				31-Dec-11		
	Balance, Beginning of Year	**Additions**	**Dispositions**	**Balance, End of Year**	Balance, Beginning of Year	Additions	Balance, End of Year
	$	**$**	**$**	**$**	$	$	$
Property acquisition costs	**139,561**	**-**	**-**	**139,561**	129,161	10,400	139,561
Exploration costs	**786,499**	**14,033**	**-**	**800,532**	442,387	344,112	786,499
Options payments received	**(53,181)**	**-**	**-**	**(53,181)**	(53,181)	-	(53,181)
Cost of properties sold/abandoned	**(435,011)**	**-**	**-**	**(435,011)**	(435,011)	-	(435,011)
	437,868	**14,033**	**-**	**451,901**	83,356	354,512	437,868

$1,781 (December 31, 2011 - $28,792) of the current year additions related to share-based compensation costs capitalized to mineral exploration and evaluation.

8. PETROLEUM AND NATURAL GAS EXPLORATION AND EVALUATION ASSETS

The Company holds a database of geological and geophysical data. A summary of the costs of these assets is as below.

	31-Dec-12			31-Dec-11		
	Balance, Beginning of Year	**Net Change**	**Balance, End of Year**	Balance, Beginning of Year	Net Change	Balance, End of Year
	$	**$**	**$**	$	$	$
Petroleum and natural gas costs	**14,274,035**	**69,397**	**14,343,432**	12,653,159	1,620,876	14,274,035
Cost of sold/abandoned properties	**(4,481,839)**	**(6,262,626)**	**(10,744,465)**	(3,697,441)	(784,398)	(4,481,839)
	9,792,196	**(6,193,229)**	**3,598,967**	8,955,718	836,478	9,792,196

Amounts not subject to depreciation are $3,598,967 (December 31, 2011 - $9,792,196). There is no depreciation recorded on these properties since all properties are unproven properties. In the current year, $7,769 (December 31, 2011 – $96,433) of additions related to share-based compensation costs were capitalized to petroleum and natural gas exploration and evaluation. During the year properties were sold for proceeds of $4,250,000 and a gain was recorded on one property of $1,249,551 and a loss of $2,647,806 on two other properties. Expenditures on the properties were $69,397 (December 31, 2011 - $1,620,876) and $6,262,626 was written off as a result of the sales during the year (December 31, 2011 - $784,398); $109,224 was moved to inventory and $179,000 was moved to deposits.

9. EQUIPMENT

	31-Dec-12				31-Dec-11			
	Drilling Rig	**Furniture & Fixtures**	**Computer Equipment**	**TOTALS**	Drilling Rig	Furniture & Fixtures	Computer Equipment	TOTALS
	$	**$**	**$**	**$**	$	$	$	$
Opening balance	**798,368**	**11,377**	**47,650**	**857,395**	638,406	11,377	44,471	694,254
Additions	**-**	**163**	**9,925**	**10,088**	159,962	-	3,179	163,141
Opening depreciation	**(597,685)**	**(8,148)**	**(31,443)**	**(637,276)**	(545,955)	(7,341)	(25,179)	(578,475)
Adjustments to depreciation	**(60,205)**	**(662)**	**(6,351)**	**(67,218)**	(51,730)	(807)	(6,264)	(58,801)
Closing balance	**140,478**	**2,730**	**19,781**	**162,989**	200,683	3,229	16,207	220,119

As at December 31, 2012, $253,354 of accumulated depreciation of the drilling rig (December 31, 2011 - $253,354) has been capitalized to petroleum and natural gas exploration and evaluation; $60,205 has been expensed for the year ended December 31, 2012 (December 31, 2011 - $51,730).

10. ASSET RETIREMENT OBLIGATIONS

Upon termination of the Company's petroleum and natural gas sites, the Company is required to satisfy certain asset retirement obligations including the removal of any equipment and the restoration of the land and premises to their original condition. The Company has disposed of all of its working interests in petroleum and natural gas sites in which there were such obligations, hence there are no obligations at year-end 2012.

The total undiscounted cash flows estimated to settle its asset retirement obligations at December 31, 2011 was $68,195, which was expected to be incurred between 2012 and 2016 and was adjusted based on the risk-adjusted discount rate of 5% to calculate the fair value of the asset retirement obligations. These obligations do not exist at December 31, 2012.

A reconciliation of the asset retirement obligation is provided below:

	31-Dec-12	31-Dec-11
	$	$
Balance, beginning of year	**63,208**	63,449
Liabilities incurred	**-**	(1,306)
Liabilities settled and/or changes in estimated cash flows	**(66,276)**	-
Accretion expense	**3,068**	1,065
Balance, end of year	**-**	63,208

11. INCOME TAXES

a) Deferred income taxes

The components of the deferred income tax liability are as follows:

	31-Dec-12	31-Dec-11
	$	$
Temporary differences related to petroleum, natural gas and mineral exploration and evaluation	**247,825**	1,724,634
Tax effect of unrealized losses on available-for-sale financial assets	**(62,863)**	(28,461)
Share issuance costs	**(61,700)**	(102,923)
Non-capital loss carryforwards	**(27,101)**	(719,104)
Asset retirement obligations	**-**	(18,330)
Recognized deferred tax liability	**96,161**	855,816

11. INCOME TAXES (continued)

b) Income tax rates

Other tax expense of $37 (December 31, 2011 - $6,027) consists of Part XII.6 tax related to the renunciation of flow-through shares.

Income taxes differ from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 29% (2011 – 30.5%) to net (loss) earnings before income taxes as follows:

	31-Dec-12	31-Dec-11
	$	$
Expected income tax recovery	**(705,509)**	(548,243)
Share-based compensation costs	**17,476**	55,809
Flow-through shares renounced	**-**	251,988
Effect of changes in income tax rates	**-**	24,128
Effect of changes in temporary differences and other items	**(77,754)**	148,389
Deferred income taxes recovery	**(765,787)**	(67,929)

c) Non-capital losses

The Company has non-capital losses at December 31, 2012 amounting to $93,451 which are available to reduce future taxable income. These non-capital losses expire in 2032.

The Company also has available the following other tax pools at December 31, 2012, which may be deducted in determining taxable income of future years:

	$
Canadian exploration expense	3,116,908

12. SHARE CAPITAL

a) Authorized

Unlimited number of voting common shares
Unlimited number of preferred shares, issuable in series

12. SHARE CAPITAL (continued)

b) Issued and outstanding

	31-Dec-12		31-Dec-11	
	Number	**Stated Value**	Number	Stated Value
		$		$
Common Shares				
Balance, beginning of year	**57,526,129**	**19,543,102**	57,176,129	19,496,717
Issued pursuant to private placements (Note 11(b))	-	-	350,000	47,250
Adjustment as result of corporate reorganization	**-**	**(70)**	-	-
Non-controlling interest as result of corporate re-organization	**-**	**(493,967)**	-	-
Share issuance cost, net of tax benefits of $Nil (2011 - $360)	-	-	-	(865)
Balance, end of year	**57,526,129**	**19,049,065**	57,526,129	19,543,102

In August 2012, the Company completed a corporate re-organization in which certain mineral assets were spun out into a subsidiary of the Company, Red Moon Potash Inc. ("Red Moon"). As a result of this spin-out, the Company received 20,499,999 common shares of Red Moon for the mineral asset of which 15,000,000 shares were returned to the shareholders of the Company by way of a return of capital. The $70 adjustment to share capital relates to the revaluation of warrants. The $493,967 recorded relates to the non-controlling interest in Red Moon as a result of this corporate reorganization (i.e., the 15,000,000 common shares distributed to Vulcan shareholders). The Company currently holds 20,500,000 shares in Red Moon, being 57.75% of the issued and outstanding shares of Red Moon.

Pursuant to a flow-through private placement dated December 29, 2011, the Company issued 350,000 units at $0.20 for aggregate proceeds of $70,000 (less $5,250 attributed to the fair value of warrants and $17,500 as the variance between the issuance price and the fair market value). Each unit consisted of one common share (flow-through) and one-half of a common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.30 per share until December 29, 2013. Share issuance costs were $865 net of tax of $360.

12. SHARE CAPITAL (continued)

c) Warrants

A summary of the status of the Company's common share purchase warrants and agent's warrants are as follows:

	31-Dec-12		31-Dec-11	
	Number of Warrants	**Weighted-Average Exercise Price**	Number of Warrants	Weighted-Average Exercise Price
		$		$
Outstanding, beginning of year	**175,000**	**0.30**	2,102,364	0.77
Issued	-	-	175,000	0.30
Expired	-	-	(2,102,364)	0.77
Adjustment as a result of corporate reorganization	**7,951**	**(0.01)**	-	-
Outstanding, end of year	**182,951**	**0.29**	175,000	0.30

	31-Dec-12	31-Dec-11
	$	$
Balance, beginning of year	**5,250**	419,176
Fair value of warrants granted	**-**	5,250
Expired during the year	-	(419,176)
Adjustment as a result of corporate reorganization	**70**	-
Balance, end of year	**5,320**	5,250

Warrants which expire unexercised move to Contributed Surplus. Warrants which expired during 2011 have been removed from Warrants to Contributed Surplus.

(d) Contributed Surplus

A summary of contributed surplus is as follows:

	31-Dec-12	31-Dec-11
	$	$
Balance, beginning of year	**2,797,245**	2,069,864
Share-based compensation	**68,999**	308,205
Transferred to contributed surplus upon expiry of warrants	**-**	419,176
Adjustment as a result of corporate reorganization	**812**	-
Balance, end of year	**2,867,056**	2,797,245

13. SHARE-BASED COMPENSATION

a) Stock options

The Company has a stock option plan under which directors, officers, management, consultants and employees of the Company and its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Company. Options granted under the plan generally have a term of five years but may not exceed five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option shall be determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

A summary of the status of the Company's stock option plan is as follows:

		31-Dec-12		31-Dec-11
	Number of Options	**Weighted-Average Exercise Price**	Number of Options	Weighted-Average Exercise Price
		$		$
Outstanding, beginning of year	**4,130,000**	**0.60**	4,880,000	0.58
Expired/cancelled	**(1,525,000)**	**0.52**	(750,000)	0.46
Adjustment as result of corporate reorganization	**62,761**	**-**	-	-
Outstanding, end of period	**2,667,761**	**0.63**	4,130,000	0.60
Granted but not vested	**-**	**-**	(307,296)	0.45
Outstanding and exercisable, end of year	**2,667,761**	**0.63**	3,822,704	0.62

During the year ended December 31, 2012, no options were exercised (December 31, 2011 – Nil). During the year ended December 31, 2012, share-based payment reserves of $Nil (December 31, 2011 - $Nil) has been transferred to share capital upon the exercise of stock options.

The weighted average remaining contractual life of outstanding options is 1.39 years (December 31, 2011 – 1.78 years).

(b) Fair value assumptions

The weighted-average fair value of stock options vested during the year ended December 31, 2012 was estimated on the dates of grant to be $0.25 (December 31, 2011 - $0.26) using the Black-Scholes option pricing model with the following weighted-average assumptions:

13. SHARE-BASED COMPENSATION (continued)

(b) Fair value assumptions (continued)

	31-Dec-12	31-Dec-11
Expected life (years)	**4.33**	4.20
Risk-fee interest rate (%)	**1.87**	1.82
Expected volatility (%)	**84**	85

During the year ended December 31, 2012, compensation costs of $60,261 (December 31, 2011 - $182,980) have been expensed, $1,781 (December 31, 2011 - $28,792) have been capitalized to mineral exploration and evaluation, and $7,769 (December 31, 2011 - $96,433) has been capitalized to petroleum and natural gas exploration and evaluation, resulting in the recognition of $69,811 (December 31, 2011 - $308,205) in the share-based payment reserve.

14. SUPPLEMENTAL CASH FLOW INFORMATION

	31-Dec-12	31-Dec-11
	$	$
Share-based payment reserve recognized upon the issuance of stock options recorded as:		
Share-based compensation	**60,261**	182,980
Addition to mineral exploration and evaluation	**1,781**	28,792
Addition to petroleum and natural gas exploration and evaluation	**7,769**	96,433
Non-cash operating, investing, and financing activities	**69,811**	308,205
Changes in asset retirement obligations		
Accretion expense	**3,068**	1,065
Decrease in petroleum and natural gas exploration and evaluation	**(66,276)**	(1,306)
Decrease of asset retirement obligations	**(63,208)**	(241)

15. GENERAL AND ADMINISTRATIVE EXPENSES

	31-Dec-12	31-Dec-11
	$	**$**
Office & Administrative	**34,495**	(338,763)
Management, Salaries & Contract Fees & Benefits	**579,687**	748,403
Directors Fees	**14,000**	14,000
Transfer Agent & Professional Fees	**188,262**	238,646
Travel & Accommodation	**50,346**	48,652
	866,790	710,938

Compensation for key management personnel and directors is as follows:

	31-Dec-12	31-Dec-11
	$	**$**
Management Fees & Salaries & Benefits	**334,951**	335,444
Directors Fees	**14,000**	14,000
	348,951	349,444

$51,887 was expensed (December 31, 2011 - $159,588) and $2,547 (December 31, 2011 - $57,422) was capitalized to petroleum and mineral exploration costs for the year ended December 31, 2012 for vested share-based options related to key management personnel and directors.

16. RELATED PARTY TRANSACTIONS

	31-Dec-12	31-Dec-11
	$	$
Rent paid to a corporation which is controlled by the President of the Company	**24,000**	24,000

17. FINANCIAL INSTRUMENTS

Fair values

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means;

17. FINANCIAL INSTRUMENTS (continued)

Fair Values (continued)

Level 3 – valuation techniques with significant unobservable market inputs.

The carrying amount of cash and cash equivalents, accounts receivables, accounts payables and accrued liabilities, approximate their fair value due to their short-term nature. The Company's financial assets (Note 6) would thus be classified as Level 1 as presented below.

Financial Assets **Investments**	**31-Dec-12**	**31-Dec-11**
Level 1 (shares in public companies)	$ 239,179	$ 476,430
Level 2	-	-
Level 3	-	-
Total financial assets/liabilites at fair value	**$ 239,179**	**$ 476,430**

Credit risk

The Company provided credit to its joint venture partners in the normal course of its operations. At December 31, 2012, the Company did not have any joint venture partners, accordingly there was no credit risk associated with joint venture partners. Management believes that the credit risk with respect to accounts receivable is immaterial. The credit risk on cash is limited because the counterparty is a chartered bank with a high credit rating. The Company does not expect any liquidity issues or credit losses on these amounts.

Liquidity risk

The Company believes it has sufficient liquidity to meet its current obligations as a result of securing additional funds through equity and partnering transactions. The Company manages it liquidity risk by continuously monitoring forecasts and actual cash flows. The maturity of the Company's financial liabilities is presented below:

31-Dec-12	**Due 0-3 months**	**Due 3-6 months**	**Due 6-12 Months**	**Due > 1 year**	**Total**
Accounts payable and accrued liabilities	$ 63,713	$ -	$ -	$ -	**$ 63,713**
	$ 63,713	$ -	$ -	$ -	**$ 63,713**

31-Dec-11	**Due 0-3 months**	**Due 3-6 months**	**Due 6-12 Months**	**Due > 1 year**	**Total**
Accounts payable and accrued liabilities	$ 814,666	$ -	$ -	$ -	**$ 814,666**
	$ 814,666	$ -	$ -	$ -	**$ 814,666**

17. FINANCIAL INSTRUMENTS (continued)

Commodity price risk

The recoverability of the Company's petroleum and natural gas and mineral properties is partially related to the market price of oil and gas and base metals. The Company does not hedge this exposure to fluctuations in commodity prices. Commodity price risk from a production perspective is remote since the Company is not a producing entity. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices.

Interest rate risk

The Company's cash balances are held in bank accounts or invested in short-term deposit certificates. The Company has no debt. The Company believes its interest rate risk is not significant.

Foreign exchange risk

The majority of transactions for the Comapny are in Canadian funds. The Company believes its foreign exchange risk is minimal.

Market price risk

The value of the Company's investments is exposed to fluctuations in value depending on a number of factors, including the quoted market price and the market value of the commodities that the companies may focus on. The Company does not utilize any derivative contracts to reduce this exposure.

Sensitivity analysis

The Company's investments in public companies (Note 6) are listed on the TSX Venture Exchange and are classified as "available-for-sale" and measured at fair value. Changes in fair value are recognized in other comprehensive income until their disposition or the asset is considered impaired, at which time they are transferred to net income.

The Company's investments in public companies listed as "available-for-sale", are denominated in Canadian dollars. Sensitivity to a +/- 50% movement in the prices derived from changes in shares prices over a one year period would affect other comprehensive income (loss) by a combined maximum $66,340 net of tax. Based on management's knowledge and experience of the financial markets, the Company believes these movements are "reasonably possible" over a one-year period. If all of the declines in fair values below cost were considered significant or prolonged, the Company would incur an additional loss of $389,143 in its 2012 financial statements, being the transfer of accumulated fair value adjustments recognized in equity on the impaired available-for-sale financial assets to the income statement.

18. CONTINGENCY

In 2011, the Company was served with a statement of claim by Geophysical Services Incorporated wherein it is claimed that the Company, as a co-defendant with Investcan Energy Corporation, has committed a copyright infringement. The claim relates to an allegation that accessing offshore Labrador seismic data, which is released to the public by the Canada Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) after the relevant statutory privilege-confidentiality period, is a breach of copyright. The Company is of the opinion that this claim is without basis or merit and no amounts have been recorded in the Company's accounts. The Company is fully defending its interests.

19. SUBSEQUENT EVENTS

The Company entered into a Purchase and Sale Agreement with Nortec Minerals Corp. on February 14, 2013 to purchase 51% of Nortec's working interest in the TL Nickel property for consideration of 1,000,000 common shares of the Company and a 1% net smelter royalty subject to certain buyback provisions; the Company will then own 100% working interest in the property. The transaction is pending regulatory approval.

Subsequent to year-end, the Company issued 2,325,000 stock options to Directors, Officers and Employees exercisable at $0.10 for a period of 5 years and vesting over a 2 year period.

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Dawn E. Bishop
Chief Financial Officer and Corporate Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Philip E. Collins

William Koenig

EXCHANGE LISTING
TSX Venture – "VUL"

LEGAL COUNSEL
Morris McManus, Calgary, AB
Cox & Palmer, St. John's, NL

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada

AUDITORS
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BANKERS
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