



**Interim Condensed Consolidated Financial Statements**  
For the Three and Nine Months Ended  
September 30, 2014 and 2013  
(Unaudited)

**VULCAN MINERALS INC.**  
September 30, 2014 and 2013

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## **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, “Continuous Disclosure Obligations”, part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation’s external auditors have not performed a review of these financial statements.

**VULCAN MINERALS INC.**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
**As at**

(in Canadian dollars)	<b>September 30</b> <b>2014</b>	December 31 2013
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,879,490	3,853,156
Accounts receivable	70,926	15,445
Government grant receivable (Note 4)	85,000	85,000
Prepaid expenses	3,340	15,990
Deposits	9,000	24,000
Inventory	109,224	109,224
	<b>3,156,980</b>	4,102,815
Deposits	286,000	286,000
Investments	266,038	117,393
Exploration and evaluation assets (Note 5)	4,226,092	4,089,683
Equipment	89,909	115,756
<b>Total Assets</b>	<b>8,025,019</b>	8,711,647
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	62,268	71,759
<b>Total Liabilities</b>	<b>62,268</b>	71,759
<b>Equity</b>		
Shareholders' equity	7,474,257	8,228,719
Non-controlling interest	488,494	411,169
	<b>7,962,751</b>	8,639,888
<b>Total Liabilities and Equity</b>	<b>8,025,019</b>	8,711,647

Nature of operations (Note 1)

Contingencies (Note 9)

See accompanying notes to the condensed consolidated financial statements

**VULCAN MINERALS INC.**  
**Condensed Consolidated Statements of Loss**  
(Unaudited)

(in Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Income (Expenses )</b>				
Interest income	8,425	5,867	29,946	32,126
Write-off- exploration and evaluation assets	-	-	(278,466)	-
General and administrative	(155,803)	(194,803)	(548,114)	(701,805)
Share-based compensation	(4,811)	(60,184)	(24,394)	(60,184)
Depreciation	(8,615)	(12,210)	(25,847)	(36,630)
<b>Loss before income taxes</b>	<b>(160,804)</b>	<b>(261,330)</b>	<b>(846,875)</b>	<b>(766,493)</b>
Income taxes				
Deferred income tax (expense) recovery	-	(10,202)	-	91,961
	-	(10,202)	-	91,961
<b>Net loss</b>	<b>(160,804)</b>	<b>(271,532)</b>	<b>(846,875)</b>	<b>(674,532)</b>
Net loss attributable to:				
Common shareholders	(151,788)	(246,013)	(797,839)	(584,535)
Non-controlling interest	(9,016)	(25,519)	(49,036)	(89,997)
	(160,804)	(271,532)	(846,875)	(674,532)
Net loss per share - basic and diluted	\$ (0.002)	\$ (0.004)	\$ (0.014)	\$ (0.010)
Weighted-average number of common shares outstanding - basic and diluted	58,526,129	58,526,129	58,526,129	58,214,774

**Condensed Consolidated Statements of Comprehensive Loss (unaudited)**

(in Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Net loss</b>	<b>(160,804)</b>	<b>(271,532)</b>	<b>(846,875)</b>	<b>(674,532)</b>
Other comprehensive income (loss):				
Change in unrealized gain on available-for-sale financial assets, (net of tax)	(48,964)	(60,155)	148,644	(24,765)
<b>Comprehensive loss</b>	<b>(209,768)</b>	<b>(331,687)</b>	<b>(698,231)</b>	<b>(699,297)</b>
Comprehensive income (loss) attributable to:				
Common shareholders	(200,752)	(306,168)	(649,195)	(609,300)
Non-controlling interest	(9,016)	(25,519)	(49,036)	(89,997)
	(209,768)	(331,687)	(698,231)	(699,297)

See accompanying notes to the condensed consolidated financial statements

**VULCAN MINERALS INC.**  
**Condensed Consolidated Statements of Changes in Equity**  
**(Unaudited)**

(in Canadian dollars)

	Share Capital	Contributed Surplus	Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
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
Net loss and comprehensive loss								
January 1, 2013 - September 30, 2013	-	-	-	(24,765)	(584,535)	(609,300)	(89,997)	(699,297)
Issuance of shares for property acquisition	60,000	-	-	-	-	60,000	-	60,000
Share issuance costs	(2,125)	-	-	-	-	(2,125)	-	(2,125)
Share-based compensation	-	70,203	-	-	-	70,203	-	70,203
Balance, September 30, 2013	19,106,940	2,937,259	5,320	(413,908)	(12,678,658)	8,956,953	356,033	9,312,986
Net loss and comprehensive loss								
October 1, 2013 - December 31, 2013	-	-	-	346,310	(1,033,112)	(686,802)	(17,936)	(704,738)
Share-based compensation	-	31,640	-	-	-	31,640	-	31,640
Fair value of expired warrants	-	5,320	(5,320)	-	-	-	-	-
Transfer to non-controlling interest on acquisition of shares in subsidiary	-	(73,072)	-	-	-	(73,072)	73,072	-
Balance, December 31, 2013	19,106,940	2,901,147	-	(67,598)	(13,711,770)	8,228,719	411,169	8,639,888
Net loss and comprehensive loss								
January 1, 2014 - September 30, 2014	-	-	-	148,644	(797,839)	(649,195)	(49,036)	(698,231)
Share-based compensation	-	24,394	-	-	-	24,394	-	24,394
Share issuance costs	(3,300)	-	-	-	-	(3,300)	-	(3,300)
Transfer to non-controlling interest on acquisition of shares in subsidiary	-	(126,361)	-	-	-	(126,361)	126,361	-
Balance, September 30, 2014	19,103,640	2,799,180	-	81,046	(14,509,609)	7,474,257	488,494	7,962,751

See accompanying notes to the condensed consolidated financial statements

**VULCAN MINERALS INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**Nine Months Ended September 30**

(in Canadian dollars)	<b>2014</b>	2013
	\$	\$
<b>Operating Activities</b>		
Interest receipts	<b>29,946</b>	32,126
Operating payments	<b>(551,413)</b>	(721,927)
	<b>(521,467)</b>	(689,801)
<b>Financing Activities</b>		
Share issuance costs	<b>(3,300)</b>	(2,126)
	<b>(3,300)</b>	(2,126)
<b>Investing Activities</b>		
Exploration and evaluation assets (Note 5)	<b>(414,875)</b>	(418,479)
Harmonized sales tax receivable re exploration and evaluation assets	<b>(49,024)</b>	-
Refund of deposits	<b>15,000</b>	-
Acquisition of equipment	-	(1,607)
	<b>(448,899)</b>	(420,086)
Cash (outflow)	<b>(973,666)</b>	(1,112,013)
Cash and cash equivalents, beginning of period	<b>3,853,156</b>	5,129,360
<b>Cash and cash equivalents, end of period</b>	<b>2,879,490</b>	4,017,347
Cash and cash equivalents are comprised of:		
Deposits with banks	<b>2,879,490</b>	2,015,498
Guaranteed investment certificates	-	2,001,849
	<b>2,879,490</b>	4,017,347

See accompanying notes to the condensed consolidated financial statements

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2014 and 2013

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Vulcan Minerals Inc. is engaged in the evaluation, acquisition and exploration of mineral and petroleum and natural gas properties in Newfoundland and Labrador and Alberta. 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 head office address is 333 Duckworth Street, St. John's, NL A1C 1G9.

### 2. BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies used in preparing these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

These consolidated financial statements have been prepared on an historical cost basis, except for investments which are measured at fair value.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 21, 2014.

#### *Basis of consolidation*

The consolidated financial statements include the accounts of the Company and the entity controlled by the Company (subsidiary). The Company's subsidiary is Red Moon Potash Inc. in which the Company has a 65% interest. Control is achieved by having each of: power over the investee via existing rights that give the company the current ability to direct the relevant activities of the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability for the company to use its power over the investee to affect the amount of the company's returns. 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 interest 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).



**VULCAN MINERALS INC.**  
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**3. NEW AND AMENED ACCOUNTING STANDARDS**

**New and amended standards adopted by the Company**

The following standards have been adopted by the Company for the period beginning on January 1, 2014:

IAS 32, "*Financial Instruments Presentation*" was amended to clarify requirements for the offsetting of financial assets and liabilities. The amendment is effective for fiscal years beginning on or after January 1, 2014. The adoption of this standard had no impact on the Company's financial statements.

IFRIC 21, "*Accounting for levies imposed by governments*" clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. IFRIC 21 is effective for years beginning on or after January 1, 2014. The adoption of this standard had no impact on the Company's financial statements.

IFRS 2, "*Share-based payment*" was amended to clarify the definition of vesting conditions. The amendment applies to share-based transactions for which the grant date is on or after July 1, 2014. The adoption of this standard had no impact on the Company's financial statements.

IFRS 3, "*Business combinations*" was amended to provide clarification related to contingent consideration in a business combination. The amendment is effective for business combinations where the acquisition date is on or after July 1, 2014. The adoption of this standard had no impact on the Company's financial statements.

**Standard and amendment not yet effective and not yet applied**

IAS 24, "*Related Party Transactions*" was amended to revise the definition of related party to include an entity that provides key management personnel services to the reporting entity or its parent and to clarify the related party disclosure requirements. This amendment is effective for fiscal years beginning on or after July 1, 2014.

The Company is evaluating the impact of this standard on its financial statements.

**4. GOVERNMENT GRANT RECEIVABLE**

In August 2014 the Company and the Department of Natural Resources of the Government of Newfoundland and Labrador (the government) signed a contribution agreement under the "Junior Exploration Assistance" program. The terms of the contribution agreement provide that the government will make a grant of up to \$85,000, representing 50% of the eligible costs (as defined in the agreement) of the Company's 2014 exploration drilling program, incurred from May 16, 2014. The grant could reach a maximum of \$100,000 depending on the availability of funds in the Junior Exploration Assistance program. The project must be completed to the satisfaction of the Minister of Natural Resources by December 31, 2014. The Company recorded a government grant receivable in

**VULCAN MINERALS INC.**  
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**4. GOVERNMENT GRANT RECEIVABLE (continued)**

the amount of \$85,000 as of September 30, 2014, with a corresponding amount recorded as a reduction of mineral exploration and evaluation assets.

Under the terms of a contribution agreement with the Department of Natural Resources of the Government of Newfoundland and Labrador, signed in April 2013, the Company received \$100,000 in April 2014 as a government contribution in respect of eligible costs of the 2013 exploration program. The Company reflected the estimated amount of the government grant receivable of \$85,000 at December 31, 2013. The \$85,000 amount was recorded as a reduction of the related exploration and evaluation assets as of December 31, 2013. The additional contribution amount of \$15,000 has been recorded as a reduction of mineral exploration and evaluation assets in the nine months ended September 30, 2014.

**5. EXPLORATION AND EVALUATION ASSETS**

The Company has 10 mineral licenses (2013-9) which consist of 1,416 claims (December 31, 2013 – 1,532 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. The Company also holds 10 mineral permits (2013- 10) in the Province of Alberta. These licenses and permits are in the exploration and evaluation stage. The Company holds a database of geological and geophysical data at September 30, 2014 and December 31, 2013. A summary of the exploration and evaluation assets is as follows:

	September 30, 2014			December 31, 2013		
	Balance, Beginning of Period	Additions (Writedowns/ Dispositions)	Balance, End of Period	Balance, Beginning of Year	Additions (Dispositions, net)	Balance, End of Year
	\$	\$	\$	\$	\$	\$
<b>Mineral properties</b>						
Property acquisition costs	66,750	-	66,750	500	66,250	66,750
Exploration costs	867,904	414,875	1,282,779	451,401	416,503	867,904
<b>Geological and geophysical data</b>	<b>3,155,029</b>	<b>(278,466)</b>	<b>2,876,563</b>	3,598,967	(443,938)	3,155,029
	<b>4,089,683</b>	<b>136,409</b>	<b>4,226,092</b>	4,050,868	38,815	4,089,683

Current period additions to mineral exploration costs have been reduced by the government grant of \$85,000 relate to the 2014 exploration program and the additional \$15,000 grant related to the 2013 exploration program (2013- \$85,000) (Note 4).

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2014 and 2013

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### 5. EXPLORATION AND EVALUATION ASSETS (continued)

The Company holds a database of geological and geophysical data. In 2014 and 2013, the Company regrouped certain of its mineral licenses at license renewal dates, and as result, surrendered a portion of the lands associated with the licenses. The Company recorded a write-down to the geological and geophysical data in 2014 in the amount of \$278,466 (2013- \$443,938) which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data.

### 6. SHARE-BASED COMPENSATION

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 is 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:

	September 30, 2014		December 31, 2013	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
Outstanding, beginning of period	5,401,288	\$ 0.22	2,667,761	\$ 0.63
Granted	-	-	4,800,000	0.10
Expired/cancelled	(547,943)	0.32	(1,928,973)	0.59
Forfeited	(62,500)	0.10	(137,500)	0.10
Outstanding, end of period	4,790,845	0.17	5,401,288	0.22
<b>Exercisable, end of period</b>	<b>3,840,845</b>	<b>0.18</b>	<b>2,338,788</b>	<b>0.38</b>

The weighted average remaining contractual life of outstanding options is 2.84 years (December 31, 2013 – 3.39 years). The weighted average remaining contractual life of exercisable options is 2.17 years (December 31, 2013 – 2.49 years).

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2014 and 2013

### 7. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months Ended September 30, 2013
	\$	\$	\$	\$
Management, salaries, contract fees and benefits	88,933	127,322	296,723	403,912
Office and administrative	28,026	31,158	93,604	113,074
Directors' fees	-	-	32,500	32,500
Transfer agent and professional fees	24,167	31,028	82,923	109,620
Conferences, travel and accommodation	14,677	5,295	42,364	42,699
	<b>155,803</b>	194,803	<b>548,114</b>	701,805

Compensation for key management personnel, which includes the President and Chief Executive Officer, Chief Financial Officer and directors, is as follows:

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
	\$	\$	\$	\$
Management fees, salaries and benefits	61,040	84,550	189,135	258,049
Directors' fees	-	-	32,500	32,500
	<b>61,040</b>	84,550	<b>221,635</b>	290,549

### 8. RELATED PARTY TRANSACTIONS

	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
	\$	\$	\$	\$
Rent paid to a corporation which is controlled by the President of the Company	11,250	11,250	33,750	33,750

# **VULCAN MINERALS INC.**

## **Notes to the Condensed Consolidated Financial Statements**

**(Unaudited)**

**September 30, 2014 and 2013**

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### **9. CONTINGENCIES**

- a)* In 2011, the Company was served with a Statement of Claim by Geophysical Service 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.
  
- b)* The Court in Alberta has granted leave to Geophysical Service Incorporated (GSI) to add the Company as a co-defendant in the ongoing action GSI has with NWest Energy Corp. regarding an alleged breach of an agreement between those parties. GSI has submitted a Statement of Claim and the Company has filed a Statement of Defence. The Company believes the claims against it are without basis or merit and the Company is fully defending its interest.

# **CORPORATE INFORMATION**

## **OFFICERS AND MANAGEMENT**

Patrick J. Laracy  
President and Chairman

Sharon M. Dunn  
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**

PricewaterhouseCoopers LLP

## **BANKERS**

Scotiabank

## **ADDITIONAL INFORMATION**

Please contact, Patrick J. Laracy  
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## **HEAD OFFICE**

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