

**VULCAN MINERALS INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

**For the Three and Nine Months Ended September 30, 2014**

*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.*

### General Business

The Company is engaged in exploration on properties in Newfoundland and Labrador and Alberta. The Company’s efforts have focused on exploring these properties. The Company is an exploration venture company and has no proven reserves.

This MDA should be read in conjunction with the interim condensed consolidated financial statements for the three and nine months ended September 30, 2014 and accompanying notes.

### DATE

The date of this MDA is November 21, 2014.

### OVERALL PERFORMANCE

The Company reported a loss before income taxes in the amount of \$160,804 for the three months ended September 30, 2014, as compared to a loss before income taxes of \$261,330 for the three months ended September 30, 2013 (a decrease of \$100,526). The decrease is attributable to a reduction in share-based compensation costs from \$60,184 in the September 2013 quarter as compared to \$4,811 in the September 2014 quarter (decrease of \$55,373) and a decrease in general and administrative expenses from \$194,803 in the September 2013 quarter as compared to \$155,803 in the September 2014 quarter (decrease of \$39,000). The table below outlines the composition of general and administrative expenses.

The Company reported a loss before income taxes in the amount of \$846,875 for the nine months ended September 30, 2014, as compared to a loss before income taxes of \$766,493 for the nine months ended September 30, 2013 (an increase of \$80,382). The increase in the loss is attributable to the write off of exploration and evaluation assets in the first quarter of 2014 in the amount of \$278,466. The Company regrouped certain of its mineral licenses in the first quarter of 2014 and in that process surrendered some of the lands associated with the licenses. The Company recorded a write down to its geological and geophysical data in the amount of \$278,466 which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data. The increase in the loss attributable to the write off of exploration and evaluation assets in the amount of \$278,466 is partially offset by a reduction in general and administrative expenses from \$701,805 in the nine months ended September 30, 2013 to \$548,114 in the nine months ended September 30, 2014 (decrease of \$153,691). Share-based compensation decreased from \$60,184 in the nine months ended September 30, 2013 to \$24,394 in the comparable 2014 period (decrease of \$35,790).

The following table outlines the significant components of general and administrative expenses for each of the three and nine months ended September 30, 2014 and 2013:

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

Management, salaries, contract fees and benefits decreased in the amount of \$38,389 for the three months ended September 30, 2014 and \$107,189 for the nine months ended September 30, 2014 as compared to the comparable 2013 periods. The Chief Financial Officer position is a part time position in 2014 as compared to a full time position in 2013. As was disclosed in the December 2013 MD&A, the amounts paid to the President and Chief Executive Officer were reduced effective March 1, 2014. In addition the staff complement changed during 2014, resulting in additional reduced costs.

The Company increased its ownership interest in subsidiary, Red Moon Potash Inc., from 61% to 65%, in May 2014. The Company subscribed for 5,000,000 units of Red Moon at \$0.10 per unit for total cash consideration of \$500,000. Each unit consists of one common share and one half of a common share purchase warrant. One whole warrant entitles the holder to purchase one common share at \$0.25 per share for a period of two years to May 30, 2016. Red Moon is using the proceeds to finance its drill program for 2014 and to finance general and administrative expenditures.

The Company reflected other comprehensive loss of \$48,964 for the three months ended September 30, 2014 (other comprehensive loss of \$60,155 for the three months ended September 30, 2013) and other comprehensive income of \$148,644 for the nine months ended September 30, 2014 (loss of \$24,765 for the nine months ended September 30, 2013). The other comprehensive income is represented by the changes in the trading values of available for sale investments. The other comprehensive income of \$148,644 for the nine months ended September 30, 2014 is principally attributable to an increase in the trading value of investee, NWest Energy Corp.

## OPERATIONS

### Western Newfoundland-Petroleum (Onshore)

#### *Bay St. George*

The Company holds a 2.0% gross overriding royalty on three petroleum permits (permits 03-106, 03-107, and 96-105) covering approximately 250,000 acres in the onshore Bay St. George area in western Newfoundland. The Company previously operated and explored these properties under a joint venture agreement with Investcan Energy Corporation (Investcan) and accumulated a database of geophysical and geological data on the area. Eleven wildcat wells were drilled by the Company and its joint venture partner in this previously 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. In 2012 the Company elected to convert its 50% working interest in the permits to a royalty position. As a result, the Company received a cash payment of \$2,500,000 from Investcan and a 2% gross overriding royalty. This enables the Company to share any future production without any operational risks or costs.

The current operator on the permits, Investcan, advised the Company in late June of 2013 that they were re-entering and deepening the Hurricane #2 well on permit 96-107. Hurricane #2 was a well drilled by the Company in 2005 to a depth of 935 metres. The well had petroleum shows in the shallow section and was suspended pending further evaluation at that time. Investcan deepened the well to further evaluate the geologic section and petroleum prospectivity. The well is currently suspended pending further evaluation.

Investcan also re-entered and conducted workover operations on Gobineau #1, a well drilled in late 2012 on Permit 03-106 in the Flat Bay area. The well is currently suspended pending further evaluation. Investcan's previously announced proposed wells, Thoulet #1 and #2, remain in the environmental review process. That process has been delayed as a result of a regulatory review of fracking in Western Newfoundland by the provincial government.

#### Labrador Offshore

In May of 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, payable 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 payable 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. The exploration license expired on November 15, 2014, because a well had not commenced drilling and no deposit was posted to extend the Period 1 of the license.

#### Western Newfoundland Offshore

The Company was a founding shareholder of NWest Energy Corp. ("NWest") in 2006 and currently owns approximately 13% of its outstanding shares.

NWest has reported that its interests in Exploration License 1079R offshore western Newfoundland have terminated due to license expiry. NWest advises that it is seeking other business opportunities.

## Mineral Properties

### *TL Nickel-Copper-PGM*

The TL Nickel-Copper-Platinum group element property in Labrador is situated approximately 50 km northwest of the Voisey's Bay world-class nickel-copper-cobalt mine. In 2008 significant drill intersections of mineralization were encountered including 14 metres of 1.02% Nickel, 0.51% Copper, and 0.03% Cobalt. The Company currently holds a 100% working interest in the property, subject to a 1% royalty with certain buyback provisions. The Company is conducting a full review, integration and interpretation of all previous work towards formulating a strategic exploration program. The first phase of that review was completed in March 2014 and consisted of a compilation and interpretation of geophysical data. The second phase consists of integration of all drilling and geological data into the geophysical data set. The ongoing work has identified several prospects on the property in addition to potential extensions of the known mineralized zones. The Company is soliciting partners to advance further drilling and evaluation.

### *Flat Bay Potash/Salt*

Red Moon Potash Inc., a subsidiary in which Vulcan holds a 65% ownership interest, owns a 100% interest in mineral licenses covering a portion of the northern Bay St. George Basin. The Company holds a 3% net production royalty on these mineral licenses. 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, Vulcan 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.

On July 25, 2012, the shareholders of the Company approved a corporate re-organization whereby the Company spun-out the 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 designed and managed a drilling program on behalf of Red Moon in 2013 and recently completed a two hole delineation program. Holes CC #4 and CC #5 encountered thick salt sections exceeding thicknesses of 325 metres and 225 metres respectively. Narrow zones of potash/mudstone were also encountered. Red Moon is currently waiting for assays. Red Moon has indicated it plans to prepare a National Instrument 43-101 compliant resource report in respect to the salt deposit.

### *Athabasca Uranium*

In October 2013, the Company acquired ten metallic and industrial mineral permits in the western Athabasca area of Alberta, approximately 50 km east of Fort McMurray, covering 91,648 hectares. The primary target of the permits is western Athabasca Basin style uranium deposits, similar to the recent discoveries of Fission Uranium Corp. and Alpha Minerals Inc. at Paterson Lake South. The Paterson Lake South discovery had attracted significant market interest and a staking rush in the western margins of the Athabasca Basin. The Company's permits lie along a major basement

magnetic lineament. Based on regional and local geology, the prospective Precambrian basement rocks are overlain by a veneer of Phanerozoic cover sediments. The Company compiled relevant information regarding the potential for uranium deposits and retained APEX Geoscience to carry out a property evaluation. This report was received and filed on SEDAR in March 2014. The Company is soliciting partners to advance the project.

### Plans and Ongoing Work for 2014

The Company is continuing to undertake a full review and integration of all geologic, geophysical and drilling data on the TL Nickel- Copper property towards formulating a new exploration program. Phase 1 of that review focused on interpreting the various geophysical data sets. As a result, several new areas of interest have been identified. The Company is soliciting partners to assist with the next round of field work which is anticipated to be in 2015.

The Company will continue to provide project management, technical and field operation management, and administration in support of Red Moon's salt/potash drilling program and evaluation in western Newfoundland. This is a cost efficient use of the Company's skill and experience operating in this area.

The Company is soliciting partners to finance an exploration program on the Alberta uranium permits.

The Company also continues to review potential project acquisitions.

### SUMMARY OF QUARTERLY RESULTS

Quarter	Total Revenue	Net (Loss) Income	Net (Loss) Income per share
	\$	\$	\$
September 30, 2014	8,425	(160,804)	(0.002)
June 30, 2014	10,370	(187,761)	(0.003)
March 31, 2014	11,151	(498,310)	(0.008)
December 31, 2013	18,556	(1,051,048)	(0.018)
September 30, 2013	5,867	(271,532)	(0.005)
June 30, 2013	13,264	(180,731)	(0.003)
March 31, 2013	12,995	(222,269)	(0.004)
December 31, 2012	14,736	(810,780)	(0.014)

Revenue for each quarter is represented by interest income. Net loss for the quarter ended March 31, 2014 included a write down of exploration and evaluation assets in the amount of \$278,466. Net loss for the quarter ended December 31, 2013 included a write down of exploration and evaluation assets in the amount of \$443,938 and a reallocation of accumulated unrealized losses on investments of \$443,330 from other comprehensive loss to net loss. Net loss for the quarters ended December 31, 2012 and June 30, 2012 included write downs of exploration and evaluation assets.

### LIQUIDITY

At September 30, 2014, the Company had current assets of \$3,156,980, of which \$2,879,490 consisted of cash and cash equivalents, including \$190,221 held by the Company's consolidated

subsidiary, Red Moon Potash Inc. The 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 liabilities that could materially affect its financial position. The Company's cash and cash equivalents are held in bank accounts with no exposure to equity market fluctuations.

The Company has no production revenue from petroleum and natural gas or minerals. The Company's ability to continue in the long term will be dependent on equity financing or obtaining a joint venture partner.

The Company's subsidiary, Red Moon Potash Inc., had current assets of \$345,987 at September 30, 2014 and current liabilities of \$77,388, resulting in working capital of \$268,599. Its annual operating expenses are estimated at \$200,000. Red Moon has recently completed a two hole drilling program. The subsidiary company's ability to continue as a going concern will be dependent upon obtaining further equity financing, and there is no assurance that equity financing will be obtained. In August 2014, Red Moon signed an agreement with the Department of Natural Resources of the Government of Newfoundland and Labrador (the government) whereby the government will provide a grant of up to \$85,000 representing 50% of the eligible costs of Red Moon's 2014 exploration drilling program, incurred from May 16, 2014. The contribution amount could reach \$100,000 depending on the availability of funds in the Junior Exploration Assistance program. The subsidiary's current assets of \$345,987 includes a government grant receivable of \$85,000 recorded as of September 30, 2014.

The cash balances of Vulcan are sufficient to meet its current and medium term requirements.

## CAPITAL RESOURCES

The Company has 10 mineral permits in Alberta, a mineral license at Tasisuak Lake, Labrador, and subsidiary company, Red Moon, has 8 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 Company holds a 2% gross overriding royalty on three petroleum and natural gas permits in Western Newfoundland. It also holds a 3% net production royalty on the mineral licenses currently held by subsidiary, Red Moon.

## TRANSACTIONS WITH RELATED PARTIES

The Company and its subsidiary, Red Moon, paid premises rent aggregating \$11,250 for the three months ended September 30, 2014 ( \$11,250- 2013 ) and \$33,750 for the nine months ended September 30, 2014 ( \$33,750- 2013 ) to a private company owned and controlled by the President and a director of the Company.

The Company and its subsidiary paid key management personnel, which includes the President and Chief Executive Officer, and the Chief Financial Officer, management fees, salaries and benefits in the amount of \$61,040 for the three months ended September 30, 2014 ( \$84,550- three months ended September 30, 2013 ) and \$189,135 for the nine months ended September 30, 2014 ( \$258,049- nine months ended September 30, 2013 ).

The Company and its subsidiary, Red Moon, paid total directors' fees of \$32,500 for the nine months ended September 30, 2014 ( \$32,500- nine months ended September 30, 2013).

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.

In recognition of distressed equity market conditions for exploration companies, the Company has taken measures to reduce its general and administrative costs, including a reduction in the President and Chief Executive Officer's contract fees as of March 1, 2014, a reduction in the Chief Financial Officer and Corporate Secretary position from a full time position to a part time position as of November 5, 2013 , and a reduction in staff complement, resulting in an overall reduction in salary and contract fees.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

### **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.



## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments include include cash and cash equivalents, and accounts payable and accrued liabilities. The carrying amount of each approximates fair value due to their short term nature.

The Company also holds financial instruments in the form of available for sale investments.

The Company currently holds 233,333 shares in Nortec Minerals Inc., a public company, pursuant to mineral property option agreements dated May 30, 2003 and July 30, 2008. (Nortec consolidated its shares on a 1 for 6 basis on October 15, 2014. The Company previously held 1,400,000 shares). The shares have been valued at \$28,000 on the balance sheet at September 30, 2014. These shares are all free trading. The Company may sell those shares at its discretion in the context of the market value and prospects for Nortec.

The Company currently holds 1,796,437 shares in NWest Energy Corp., a public company, and has recorded the shares at market of \$233,537 on the balance sheet at September 30, 2014. The Company may sell those free trading shares at its discretion in the 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 at \$4,500 on the balance sheet at September 30, 2014. The Company may sell those shares at its discretion in the context of the market value and prospects for Commander.

### **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 capable of financing by joint venture partners.

## **Financial Risk Factors**

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

### ***Credit risk***

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on its cash and accounts receivable. The credit risk on cash is limited because the counterparty is a chartered bank with a high credit rating. The Company assesses its credit risk on cash and accounts receivable as not significant.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company believes it has sufficient liquidity to meet its obligations in the near to medium term. Liquidity risk is significant to subsidiary company, Red Moon Potash Inc. It has a limited amount of cash and there is no assurance that it can obtain financing.

### ***Commodity price risk***

The recoverability of the costs of exploration and evaluation 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. The Company's ability to continue with exploration programs 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.

### ***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.

## CONTINGENCIES

The Company has two contingencies as of September 30, 2014 as follows:

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 any related claims against it are without basis or merit and the Company is fully defending its interest.

## SHARE CAPITAL

As of the date of this management discussion and analysis the Company has 58,526,129 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.

The Company and its subsidiary company had 4,603,345 stock options outstanding at November 21, 2014 as outlined below:

Date Issued	Number	Exercise Price	Details
August 3, 2010	978,345	\$0.44	Directors' Options, Expiry August 3, 2015
February 1, 2013	1,700,000	\$0.10	Directors' Options, Expiry February 1, 2018
February 14, 2013	100,000	\$0.10	Employee Options, Expiry February 14, 2018
<b>Red Moon</b> as follows:			
February 1, 2013	1,750,000	\$0.10	Directors' Options, Expiry February 1, 2018
April 12, 2013	75,000	\$0.10	Employee Options, Expiry April 12, 2018

There were 3,697,095 options exercisable at November 21, 2014 (of which 1,368,750 related to subsidiary, Red Moon).

## ADDITIONAL INFORMATION

All corporate disclosure documents are filed on [www.sedar.com](http://www.sedar.com). Additional information regarding the Company's projects and activities are available at [www.vulcanminerals.ca](http://www.vulcanminerals.ca).