

VULCAN MINERALS INC.

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

For the Three Months Ended March 31, 2017

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. The Company is an exploration venture company and has no proven reserves. The Company holds a 66.6% interest in Red Moon Resources Inc. (formerly Red Moon Potash Inc.) (Red Moon), a publicly traded company. Red Moon is engaged in industrial mineral exploration on properties in Newfoundland and Labrador.

This MDA should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2017 and accompanying notes. The condensed consolidated financial statements include the accounts of the Company and 66.6% held subsidiary, Red Moon Resources Inc.

DATE

The date of this MDA is May 25, 2017.

OVERALL PERFORMANCE

The Company reported a net loss in the amount of \$184,780 for the three months ended March 31, 2017, as compared to a net loss of \$194,321 for the three months ended March 31, 2016 (a decrease of \$9,541). The net loss for the three months ended March 31, 2017 included general and administrative expenses of \$165,226 as compared to \$158,843 in the comparable three months in 2016 (increase of \$6,683). The Company wrote off exploration and evaluation assets in the three months ended March 31, 2017 in the amount of \$12,746, with no comparable amount in the three months ended March 31, 2016. The Company granted stock options in the first quarter of 2017 and 2016 and 50% of the options vested immediately. The Company reflected share-based compensation expense of \$5,016 in the three months ended March 31, 2017 (\$33,843-three months ended March 31, 2016).

General and administrative expenses for the three months ended March 31, 2017 and 2016 are as follows:

	Three Months Ended	
	March 31	
	2017	2016
	\$	\$
Management, salaries, subcontract fees and benefits	86,995	83,546
Transfer agent , regulatory and professional fees	14,580	26,239
Office and administrative	33,248	28,805
Conferences, travel and accomodation	20,403	4,003
Directors' fees	10,000	16,250
Total	165,226	158,843
Expenses attributable to subsidiary, Red Moon Resources Inc.	23,662	34,849
Expenses attributable to Vulcan Minerals Inc., parent	141,564	123,994
Total	165,226	158,843

OPERATIONS

Captain Cook Salt

Red Moon Resources Inc., a subsidiary in which Vulcan holds a 66.6% ownership interest, owns a 100% interest in mineral licences covering a portion of the Bay St. George Basin. Vulcan holds a 3% net production royalty on these mineral licences. The Bay St. George area is part of the larger Maritimes Basin which is a significant producer of salt and potash.

The Company designed and managed a drilling program on behalf of Red Moon in 2013 and 2014 in the Captain Cook area and continues to manage its exploration work. As a result of that evaluation, the salt potential demonstrated greater promise than the potash potential in the Captain Cook discovery area. Though potash potential does exist in other areas of the property the recent evaluation has focussed on salt. In 2015 Red Moon contracted APEX Geoconsultants Ltd. to prepare a National Instrument 43-101 compliant mineral resource report with respect to the Captain Cook salt deposit which was completed in January 2016, the highlights of which are as follows:

Salt Resource Estimate Highlights

- Using a 95.0% lower base cut-off for sodium chloride, the Captain Cook Halite Resource Estimate is classified as “Inferred” and demonstrates that there is **908 million tonnes** of high purity halite (**96.9% salt**) for 880 million *in-situ* tonnes of salt (Table 1);
- Additional analytical work was conducted as part of the estimation, the results of which help to define a thick section of high purity halite. For example, the best halite intersection, from drillhole CC-4, contains 96.8% NaCl over 335.3 m, which includes two large segments of high purity halite of 98.0% NaCl over 125.3 m and 97.5% NaCl over 177.3 m;
- The Technical Report summarizes: positive physical and chemical characteristics; salt composition and quality; market applicability; and infrastructure/transportation readiness, all of which support the conclusion that the Captain Cook halite deposit is a deposit of merit and warrants further delineation/evaluation work;

- The Captain Cook project area has access to important infrastructure including: two nearby deep water ports; airports at Stephenville and Deer Lake; the Trans-Canada highway; high voltage power grid; and an extensive road network including a well-maintained, all-weather gravel road connecting the deposit with the Turf Point Port, approximately 5.5 km from the deposit.

Table 1

NaCl lower cut-off (%)	Volume (m³)	Tonnes (million)	Density (kg/m³)	NaCl (%)	Tonnes <i>in-situ</i> (million)
88	682,000,000	1,473	2.16	95.3	1,405
89	677,000,000	1,462	2.16	95.4	1,395
90	672,000,000	1,451	2.16	95.4	1,385
91	653,000,000	1,410	2.16	95.6	1,348
92	602,000,000	1,301	2.16	95.9	1,248
93	557,000,000	1,203	2.16	96.2	1,157
94	499,000,000	1,078	2.16	96.5	1,040
95	420,000,000	908	2.16	96.9	880
96	304,000,000	657	2.16	97.4	640
97	190,000,000	410	2.16	97.9	401
98	71,000,000	154	2.16	98.6	152
99	17,000,000	37	2.16	99.3	37

Note 1: Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve.

Note 2: The quantity of reported inferred resource in these estimations are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource, and it is uncertain if further exploration will result in upgrading them to an indicated or measured resource category.

Note 3: The estimate of mineral resources may be materially affected by geology, environment, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.

Note 4: Tonnes have been rounded to the nearest 1,000,000 (numbers may not add up due to rounding).

To demonstrate that the halite has reasonable prospects of economic extraction, the mineral resource is reported at a lower base case cut-off of 95.0% NaCl. This is the general standard used in the purchase of road salt and follows the specification outlined in American Society for Testing and Materials (ASTM) Designation D632-12 (2012), which is applicable for sodium chloride intended for use as a de-icer and for road construction or maintenance purposes. Accordingly, with respect to reporting a resource estimate that abides by the General Guidelines of NI 43-101, the Red Moon halite test work results show that the Captain Cook halite deposit has good prospects of economic viability for an industrial mineral deposit.

Mineral Properties

Colchester Copper Gold Project

Consistent with the Company's ongoing evaluation of mineral properties for acquisition, the Company announced in May 2016 the acquisition, by staking, of the Colchester copper-gold property in north-central Newfoundland. The property is accessible by paved road approximately 25 kilometres off the Trans Canada Highway. The area is serviced by an airport at Deer Lake 110 kilometres to the southwest.

The property contains four past producing historic mines which operated in the late 1800's, namely the Colchester, West Colchester, McNeilly and Old English.

In 1967, G.H. Gibbs, a mining engineer with Colchester Mines Ltd. evaluated the previous work on the property and provided a resource calculation (Preliminary Report, Green Bay Properties, Newfoundland Government File 12H/09/0113). He concluded, based on diamond drilling, that the known workings contained 1,000,000 tons (including 20% dilution) of copper grading 1.3% over a strike length of 305 metres and from surface to a depth of 183 metres. This estimate used data from 37 drillholes. This is an historic reference that is not compliant with National instrument 43-101 and cannot be relied upon according to modern reporting standards. As such the Company is not treating the historical estimate as a current resource or reserve. Rather, it is used to demonstrate the potential for the property to contain significant copper mineralization.

Follow-up drilling in 1971 by Cerro Mining Company encountered the following highlights, presented below in Table 1.

Hole	True Thickness (m)	Vertical Depth (m)*	Cu (%)
COL-30	7.01	27.43	2.3
COL-48	24.38	262.13	1.02
COL-3	5.49	48.77	2.6
COL-16	4.57	12.19	1.13
COL-16	5.18	32.00	1.7
COL-16	21.03	112.78	0.95
COL-21	28.96	35.05	1.2
COL-49	33.53	152.40	0.8
COL-35	13.11	62.48	1.06
COL-37	7.32	39.62	1.3
COL-41	31.39	102.11	1.05
COL-51	12.19	68.58	1.44
COL-51	19.81	146.30	1.04

** vertical depth is measured using Colchester Pond as '0' datum*

Table 1. Highlights from historical drilling by M.J. Boylen Engineering and Cerro Mining (1963-1970).

More recent drilling in 2004-2005 by another operator confirmed the significant distribution of copper on the property as well as the potential for gold. Several gold occurrences are documented, including the Alpha showing, which occurs within the immediate vicinity of the Colchester Main Zone, where trench sampling by previous explorers encountered 5.9 g/t Au, 2.05% Cu, 1.18% Zn and 30.7 g/t Ag over 3.0 m and also 18.9 g/t Au, 4.7% Cu, 0.42% Zn and 36.49 g/t Ag over 1.5 m. Follow-up drilling of the Alpha showing by the same explorers confirmed subsurface continuity of base and precious metal mineralization.

The property geology consists of a Cambro-Ordovician assemblage of island arc volcanic and plutonic rocks metamorphosed to greenschist facies that has been interpreted by previous workers to represent an ophiolite sequence. The mineralization identified to date is hosted in chlorite schist zones within mafic to intermediate volcanic and volcanoclastic units, occurring as stockwork to locally semi-massive to massive sulfides with associated gold; historical mapping and drilling suggests secondary porphyry-style mineralization and alteration may overprint the deposit.

In November 2016 the Company re-established a 20 line km. grid on the Old English portion of the property and carried out a high resolution Induced Polarization (IP) geophysical program followed by an 800 metre drill program which confirmed the tenor of mineralization and the positive correlation with the IP survey results. Several drill targets with significant potential for copper and gold discoveries have been identified both within and outside the historic resource area. Further drilling on the property is warranted based on these results.

Based on the regional compilation work carried out on the original Colchester property, additional claims have been staked including the Little Bay copper mine (dormant) and adjacent gold showings. A program of prospecting and mapping is planned for these claims.

Lizard Pond Gold Property

In July 2016 the Company acquired, by staking, the Lizard Pond gold property in central Newfoundland. The property is adjacent to the Baie d'Espoir highway approximately 50 kilometres south of the Town of Grand Falls-Windsor. The property consists of several gold showings including: Lizard Pond, Lizard Pond South, Lizard Pond Extension, Swan Pond and Breccia Pond. Of these, the Lizard Pond South showing has received the most attention, having initially yielded channel samples of 12.6 grams per tonne (g/t) gold over 0.4 metres and 6.6 g/t gold over 1.2 metres. Follow-up drilling included hole LP 87-01 which assayed 0.8 g/t gold over 15 metres (66.6-81.6 metres depth) including 1.0 g/t gold over 8 metres (72.6-80.6 metres depth). Approximately 500 metres east, the Lizard Pond Extension assayed 1.6 g/t gold over 5.4 metres (41.3-46.7 metres) in drill hole MO-90-10. The Breccia Pond showing is located approximately 1500 metres east of the Lizard Pond showing and yielded a channel sample of 3.2 g/t gold over 1.0 metre. Two rounds of drilling were conducted on the property in 1989 (totalling 510 m) and 1990 (totalling 1371 m) by different operators, most of which focused on delineating the Lizard Pond South showing. Prospecting by another operator in 2006 resampled (grab) the Lizard Pond South showing with up to 22 g/t gold and up to 8.2 g/t gold at the Lizard Pond Extension.

The gold prospects are hosted in ophiolitic ultramafic rocks and sediments of Lower Paleozoic age. They have been hydrothermally altered over several kilometers along a major fault zone. The gold occurs in vuggy chalcedonic and breccia and quartz veining within a larger silica-magnesite altered sequence in fault contact with gold enriched sediments. The property has not been surveyed with modern geophysical techniques. Given the wide distribution of gold occurrences, the scarcity of outcrop, the high grade nature of the showings where exposed at surface, and the apparent structural control of the hydrothermal alteration system, it is felt the property warrants appropriate geophysical

investigation towards identifying potential traps for gold enrichment.

The information pertaining to the property is taken from historic assessment reports filed by past explorers with the Government of Newfoundland and Labrador- Department of Natural Resources. As well the Company has examined core at government facilities and has completed a preliminary geological property visit which confirms the style of mineralization described above. The Company is in the process of compiling and digitizing all available information towards designing an exploration program for 2017.

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 has conducted a full review, integration and interpretation of all previous work towards formulating a strategic exploration program. The work has identified several prospects on the property in addition to potential extensions of the known mineralized zones. The property consists of 120 mineral claims (3000 hectares). The Company is soliciting partners to advance further drilling and evaluation.

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, operated by Investcan Energy Corporation (Investcan).

A government sanctioned panel conducted a review of hydraulic fracturing in Western Newfoundland and provided its report to government on May 31, 2016. The panel concluded that it could not recommend to government whether or not to allow hydraulic fracturing to proceed in Western Newfoundland without further information. They therefore proposed a "pause" whereby no fracturing would occur until government implemented 85 recommendations. Government is currently reviewing the report and recommendations. In the interim no fracturing applications will be accepted. Investcan has advised the Company that it has abandoned and reclaimed the various well sites on the permits pursuant to environmental regulatory requirements and are considering their options with respect to any future activity.

Investment-Other

On May 12, 2017 the Company acquired 10 common shares, at a cost of \$1 per share, representing a 16.66% interest, in a newly formed private company, incorporated under the laws of the Province of Newfoundland and Labrador. This new company was formed to pursue the development of various industrial commodities in the Province of Newfoundland and Labrador.

Plans for 2017

The Company is soliciting partners to advance each of its projects. The Colchester property is the most advanced of these and will be the primary focus of further field work regardless of participation by other parties. The Company will also continue to advance, through Red Moon, the Captain Cook salt project towards feasibility.

SUMMARY OF QUARTERLY RESULTS

Quarter	Total Revenue	Net (Loss)	Net (Loss) per share
	\$	\$	\$
March 31, 2017	1,546	(184,780)	(0.003)
December 31, 2016	2,106	(179,969)	(0.003)
September 30, 2016	2,438	(149,300)	(0.002)
June 30, 2016	2,663	(285,592)	(0.005)
March 31, 2016	2,919	(194,321)	(0.003)
December 31, 2015	3,250	(273,964)	(0.004)
September 30, 2015	3,705	(116,329)	(0.002)
June 30, 2015	5,096	(1,147,221)	(0.019)

Revenue for each quarter is represented by interest income. Net loss for the quarter ended June 30, 2016 included a write down of exploration and evaluation assets in the amount of \$127,460. Net loss for the quarter ended December 31, 2015 included a reallocation of accumulated unrealized losses on investments of \$49,409 from other comprehensive loss to net loss and a write down of inventory in the amount of \$33,000. Net loss for the quarter ended June 30, 2015 included a provision for write-down of exploration and evaluation assets in the amount of \$996,731.

LIQUIDITY

At March 31, 2017, the Company had current assets of \$1,272,196, which includes cash of \$1,063,900, including cash of \$48,123 held by the Company's consolidated subsidiary, Red Moon Resources 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's cash and cash equivalents are held in bank accounts with no exposure to equity market fluctuations.

The Company has no revenue from minerals or petroleum and natural gas. 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 Resources Inc., had current assets of \$65,515 at March 31, 2017 and current liabilities of \$63,212, resulting in working capital of \$2,303. 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.

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

CAPITAL RESOURCES

The Company holds 15 mineral licences and subsidiary company, Red Moon, has 20 mineral licences 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 certain of the mineral licences currently held by subsidiary, Red Moon.

TRANSACTIONS WITH RELATED PARTIES

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 \$60,215 for the three months ended March 31, 2017 of which \$57,654 is reflected as general and administrative expense and \$2,561 is capitalized to exploration and evaluation assets. (\$64,406 for the three months ended March 31, 2016 of which \$61,588 is reflected as general and administrative expense and \$2,818 is capitalized to exploration and evaluation assets.). The 2016 figures include management fees of \$1,250 per month paid by subsidiary Red Moon to the President and CEO and this management fee was eliminated effective October 1, 2016.

The Company paid directors' fees of \$10,000 for the three months ended March 31, 2017. The Company and its subsidiary, Red Moon, paid directors' fees of \$16,250 for the three months ended March 31, 2016. Each director of Vulcan is paid an annual director's fee of \$5,000 (\$2,500 in January and June of each year) and in 2016 each director of Red Moon was paid an annual director's fee of \$2,500 (\$1,250 in January and June of each year). The directors of Red Moon have resolved to pay no directors' fees for 2017.

The Company and its subsidiary, Red Moon, paid premises rent aggregating \$9,000 (2016- \$11,250) to a private company owned and controlled by the President of the Company. Effective October 1, 2016 the premises rent paid by subsidiary, Red Moon, has been reduced from \$1,750 per month to \$1,000 per month.

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.

The Company and its subsidiary company, Red Moon, granted 3,400,000 stock options to directors and officers in the first quarter of 2016. The Company recorded share-based compensation expense related to these options in the three months ended March 31, 2017 in the amount of \$4,245 of which \$3,169 was reflected as share-based compensation expense and \$1,076 was capitalized to mineral exploration and evaluation assets (three months ended March 31, 2016- \$34,783 of which \$32,243 was reflected as share-based compensation expense and \$2,540 was capitalized to mineral and exploration and evaluation assets).

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New and amended standard adopted by the Company

The following standard has been adopted by the Company for the period beginning on January 1, 2017:

IAS 12, "*Income Taxes*" ("IAS 12") was amended to provide guidance on the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of this standard had no impact on the Company's financial statements.

Standards and amendments not yet effective and not yet applied

In July 2014, the IASB issued IFRS 9 Financial Instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and substantially completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost and fair value through other comprehensive loss and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from the time when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 16, "*Leases*" ("IFRS 16") is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted for entities that have also adopted IFRS 15 "*Revenue from contracts with customers*" ("IFRS 15"). IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, "*Leases*" ("IAS 17"). Qualifying leases will be recorded on the balance sheet as an asset under property and equipment, and will have a corresponding liability with both current and long-term portions.

The Company is reviewing the standards and amendments, to determine the potential impact, if any, on its financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments 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 investments had a carrying value of \$124,697 at March 31, 2017.

Business Risks

The Company is a junior exploration company principally involved in mineral and oil and gas exploration which are inherently high-risk activities. The business of exploring for, developing, and acquiring, minerals and oil and natural gas projects 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 to which the Company is exposed 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 term. Liquidity risk is significant to subsidiary company, Red Moon Resources 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 Canadian chartered bank accounts. 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 March 31, 2017 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 related to this claim. The Company is fully defending its interests.
- b) The Company has been added as a co-defendant in an ongoing legal action Geophysical Service Incorporated (GSI) has with NWest Energy Corp. (now Ceylon Graphite Corp. by way of name change) 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 no amounts have been recorded in the Company's accounts related to this claim. 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 7,050,000 stock options outstanding at May 25, 2017 as outlined below:

Date Issued	Number	Exercise Price	Details
February 1, 2013	1,700,000	\$0.10	Directors' Options, Expiry February 1, 2018
February 17, 2016	1,800,000	\$0.10	Directors' Options, Expiry February 17, 2021
February 17, 2016	200,000	\$0.10	Employee Options, Expiry February 17, 2021
December 14, 2016	100,000	\$0.10	Advisory Committee, Expiry December 14, 2021
March 21, 2017	100,000	\$0.10	Employee Options, Expiry March 21, 2022
Red Moon as follows:			
February 1, 2013	1,750,000	\$0.10	Directors' Options, Expiry February 1, 2018
March 16, 2016	1,400,000	\$0.10	Directors' Options, Expiry March 16, 2021

There were 5,250,000 options exercisable at May 25, 2017 (of which 2,450,000 related to subsidiary, Red Moon).

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.



Interim Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2017 and 2016
(Unaudited)

VULCAN MINERALS INC.
March 31, 2017 and 2016

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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)	March 31 2017	December 31 2016
	\$	\$
Assets		
Current assets		
Cash	1,063,900	1,254,492
Accounts receivable	18,235	35,400
Government grants receivable	53,388	32,630
Prepaid expenses	15,699	16,082
Deposits	44,750	42,250
Inventory	76,224	76,224
	1,272,196	1,457,078
Deposits	286,000	286,000
Investments (Note 5)	124,697	14,072
Exploration and evaluation assets (Note 4)	3,382,824	3,379,935
Equipment	42,287	45,625
Total Assets	5,108,004	5,182,710
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	93,663	101,786
	93,663	101,786
Equity		
Shareholders' equity	4,595,396	4,653,617
Non-controlling interest	418,945	427,307
	5,014,341	5,080,924
Total Liabilities and Equity	5,108,004	5,182,710
Nature of operations (Note 1)		
Contingencies (Note 9)		
Approved on Behalf of the Board of Directors		
Patrick J. Laracy	Director	
Rex Gibbons	Director	

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Condensed Consolidated Statements of Loss
(Unaudited)
Three Months Ended March 31

(in Canadian dollars)	2017	2016
	\$	\$
Income (Expenses)		
Interest income	1,546	2,919
General and administrative (Notes 7 and 8)	(165,226)	(158,843)
Write off- exploration and evaluation assets	(12,746)	-
Share-based compensation	(5,016)	(33,843)
Depreciation	(3,338)	(4,554)
Net loss	(184,780)	(194,321)
Net loss attributable to:		
Common shareholders	(176,418)	(175,994)
Non-controlling interest	(8,362)	(18,327)
	(184,780)	(194,321)
Net loss per share - basic and diluted	(0.003)	(0.003)
Weighted-average number of common shares outstanding - basic and diluted	58,526,129	58,526,129

Condensed Consolidated Statements of Comprehensive Loss
Three Months Ended March 31

(in Canadian dollars)	2017	2016
	\$	\$
Net loss	(184,780)	(194,321)
Other comprehensive income (loss):		
Change in unrealized loss on available-for-sale financial assets (net of tax)	110,625	(8,649)
	110,625	(8,649)
Comprehensive loss	(74,155)	(202,970)
Comprehensive loss attributable to:		
Common shareholders	(65,793)	(184,643)
Non-controlling interest	(8,362)	(18,327)
	(74,155)	(202,970)

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2015	19,101,419	2,794,314	-	(16,529,979)	5,365,754	474,315	5,840,069
Net loss and comprehensive loss							
January 1, 2016 - March 31, 2016	-	-	(8,649)	(175,994)	(184,643)	(18,327)	(202,970)
Share-based compensation	-	36,383	-	-	36,383	-	36,383
Balance March 31, 2016	19,101,419	2,830,697	(8,649)	(16,705,973)	5,217,494	455,988	5,673,482
Net loss and comprehensive loss							
April 1, 2016 - December 31, 2016	-	-	6,203	(586,180)	(579,977)	(28,681)	(608,658)
Share-based compensation	-	16,100	-	-	16,100	-	16,100
Balance December 31, 2016	19,101,419	2,846,797	(2,446)	(17,292,153)	4,653,617	427,307	5,080,924
Net (loss) and comprehensive income(loss)							
January 1, 2017 - March 31, 2017	-	-	110,625	(176,418)	(65,793)	(8,362)	(74,155)
Share-based compensation	-	7,572	-	-	7,572	-	7,572
Balance, March 31, 2017	19,101,419	2,854,369	108,179	(17,468,571)	4,595,396	418,945	5,014,341

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
Three Months Ended March 31

(in Canadian dollars)	2017	2016
	\$	\$
Operating Activities		
Net loss	(184,780)	(194,321)
Adjustment for non cash items :		
Write off exploration and evaluation assets	12,746	-
Share-based compensation	5,016	33,843
Depreciation	3,338	4,554
	(163,680)	(155,924)
Changes in non-cash working capital		
Accounts receivable	(3,180)	(3,820)
Prepaid expenses	383	12,126
Accounts payable and accrued liabilities	(1,370)	(21,414)
	(167,847)	(169,032)
Investing Activities		
Exploration and evaluation assets	(13,079)	(31,705)
Net increase in deposits- exploration and evaluation assets	(2,500)	-
Refund of security deposit	-	9,000
Change in accounts payable -exploration and evaluation assets	(6,753)	(27,489)
Change in accounts receivable- exploration and evaluation assets	20,345	5,453
Increase in government grants receivable	(20,758)	-
	(22,745)	(44,741)
Net change in cash	(190,592)	(213,773)
Cash, beginning of period	1,254,492	2,183,306
Cash, end of period	1,063,900	1,969,533

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2017 and 2016

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Vulcan Minerals Inc. is engaged in the evaluation, acquisition and exploration of mineral 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.

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") 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, 2016.

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 May 25, 2017.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The Company's subsidiaries include Red Moon Resources Inc. (formerly Red Moon Potash Inc.) in which the Company has a 66.6% interest and a wholly owned inactive subsidiary. 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 Resources 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.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2017 and 2016

3. NEW AND AMENED ACCOUNTING STANDARDS

New and amended standard adopted by the Company

The following standard has been adopted by the Company for the period beginning on January 1, 2017:

IAS 12, "*Income Taxes*" ("IAS 12") was amended to provide guidance on the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of this standard had no impact on the Company's financial statements.

Standards and amendments not yet effective and not yet applied

In July 2014, the IASB issued IFRS 9 Financial Instruments. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and substantially completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost and fair value through other comprehensive loss and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset or liability. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from the time when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

IFRS 16, "*Leases*" ("IFRS 16") is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted for entities that have also adopted IFRS 15, "*Revenue from contracts with customers*" ("IFRS 15"). IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17, "*Leases*" ("IAS 17"). Qualifying leases will be recorded on the balance sheet as an asset under property and equipment, and will have a corresponding liability with both current and long-term portions.

The Company is reviewing the standards and amendments, to determine the potential impact, if any, on its financial statements.

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2017 and 2016

4. EXPLORATION AND EVALUATION ASSETS

The Company has 35 mineral licenses (December 31, 2016- 34) which consist of 1,867 claims (December 31, 2016 – 1,817 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licenses are in the exploration and evaluation stage. The Company holds a database of geological and geophysical data at March 31, 2017 and December 31, 2016. A summary of the exploration and evaluation assets is as follows:

	March 31, 2017			December 31, 2016		
	Balance, Beginning of Period	Additions (Writedowns/ Dispositions)	Balance, End of Period	Balance, Beginning of Year	Additions (Dispositions, net)	Balance, End of Year
	\$	\$	\$	\$	\$	\$
Mineral properties						
Property acquisition costs	133,930	750	134,680	95,615	38,315	133,930
Exploration costs	1,533,746	14,885	1,548,631	1,354,187	179,559	1,533,746
Geological and geophysical data	1,712,259	(12,746)	1,699,513	1,839,719	(127,460)	1,712,259
	3,379,935	2,889	3,382,824	3,289,521	90,414	3,379,935

Additions to mineral exploration costs in 2017 includes share-based compensation of \$2,556 (December 31, 2016- \$4,297). Additions to mineral exploration and evaluation assets in 2017 have been reduced by government grants of \$20,758 (December 31, 2016- \$39,852).

The Company holds a database of geological and geophysical data. In 2017 and 2016 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 2017 in the amount of \$12,746 (December 31,2016- \$127,460) which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data.

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2017 and 2016

5. INVESTMENTS

	2017	2016
	\$	\$
Investments	124,697	14,072

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 March 31, 2017, the market value of the shares is \$25,667 (December 31, 2016 - \$8,168). In years prior to 2016, an unrealized loss of \$118,933 was removed from other comprehensive loss and recorded in the statement of loss.

Shares in a public company in which the Company transferred its interest in an offshore exploration licence with a cost of \$497,223. At March 31, 2017, the market value of the shares is \$92,388 (December 31, 2016- \$nil -trading had temporarily ceased). In years prior to 2016, unrealized losses of \$488,239 were removed from other comprehensive loss and recorded in the statement of loss.

Shares in a public company received as consideration for option payments on mineral claims with a cost of \$91,512. At March 31, 2017, the market value of the shares is \$6,642 (December 31, 2016 – \$5,904). In years prior to 2016, unrealized losses of \$90,000 were removed from other comprehensive loss and recorded in the statement of loss.

6. SHARE-BASED COMPENSATION

a) *Stock options*

The Company and one of its subsidiaries 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.

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2017 and 2016

6. SHARE-BASED COMPENSATION (continued)

A summary of the status of the Company's (Vulcan Minerals Inc. and Red Moon Resources Inc.) stock option plans is as follows:

	March 31 2017		December 31 2016	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
		\$		\$
Outstanding, beginning of period	7,150,000	0.10	3,450,000	0.10
Granted	100,000	0.10	3,700,000	0.10
Cancelled	(100,000)	0.10	-	-
Forfeited	(100,000)	0.10	-	-
Outstanding, end of period	7,050,000	0.10	7,150,000	0.10
Exercisable, end of period	5,250,000	0.10	5,300,000	0.10

The weighted average remaining contractual life of outstanding options is 2.44 years (December 31, 2016 – 2.69 years). The weighted average remaining contractual life of exercisable options is 1.91 years (December 31, 2016 – 2.17 years).

b) Fair value assumptions

The weighted average fair value of stock options granted in the three months ended March 31, 2017 was estimated on the date of the grant to be \$ 0.054 (March 31, 2016- \$0.019) using the Black- Scholes fair value option pricing model and the following weighted average assumptions:

	2017	2016
Expected volatility (%)	157	197
Risk free interest rate (%)	1.18	0.69
Weighted-average expected life (years)	5.0	5.0
Dividend yield (%)	0	0

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2017 and 2016

6. SHARE-BASED COMPENSATION (continued)

The Company recognized share-based compensation in the amount of \$7,572 in the three months ended March 31, 2017 (\$36,383- three months ended March 31, 2016). Share-based compensation in the amount of \$5,016 was expensed for the three months ended March 31, 2017 (\$33,843- three months ended March 31, 2016) and \$2,556 (March 31, 2016- \$2,540) was capitalized to mineral exploration and evaluation assets.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
	\$	\$
Office and administrative	33,248	28,805
Management, salaries and contract fees and benefits	86,995	83,546
Directors' fees	10,000	16,250
Transfer agent and professional fees	14,580	26,239
Conferences, travel and accommodation	20,403	4,003
	165,226	158,843

8. RELATED PARTY TRANSACTIONS

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

	2017	2016
	\$	\$
Management fees, salaries and benefits for key management personnel		
General and administrative expense	57,654	61,588
Capitalized as mineral exploration and evaluation assets	2,561	2,818
Share-based compensation		
General and administrative expense	3,169	32,243
Capitalized as mineral exploration and evaluation assets	1,076	2,540
Directors' fees	10,000	16,250
	74,460	115,439

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2017 and 2016

8. RELATED PARTY TRANSACTIONS (continued)

	2017	2016
	\$	\$
Rent paid to a corporation which is controlled by the President of the Company	9,000	11,250

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 related to this claim. 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 Ceylon Graphite Corp. (formerly 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 no amounts have been recorded in the Company's accounts related to this claim. The Company is fully defending its interest.

10. SUBSEQUENT EVENT

On May 12, 2017, the Company acquired 10 common shares, at a cost of \$1 per share, representing a 16.66% interest, in a newly incorporated private company, incorporated under the laws of the Province of Newfoundland and Labrador. This new company was formed to pursue the development of various industrial commodities in the Province of Newfoundland and Labrador.

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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