

VULCAN MINERALS INC.

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

For the Three and Nine Months Ended September 30, 2018

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 66.3% interest in Red Moon Resources Inc. (Red Moon), a publicly traded company. Red Moon is engaged in industrial mineral exploration development and production on properties in Newfoundland and Labrador.

This MDA should be read in conjunction with the unaudited interim condensed consolidated financial statements for the nine months ended September 30, 2018 and accompanying notes. The consolidated financial statements include the accounts of the Company and 66.3% held subsidiary, Red Moon Resources Inc.

DATE

The date of this MDA is November 26th, 2018.

OVERALL PERFORMANCE

The Company reported a net loss in the amount of \$468,242 for the three months ended September 30, 2018 (\$139,784- three months ended September 30, 2017) and a net loss of \$1,388,927 for the nine months ended September 30, 2018 (\$1,503,835- nine months ended September 30, 2017).

The Company recorded a write down of its exploration and evaluation assets in the amount of \$316,409 (2017-Nil) for the three months ended September 30, 2018. In the nine months ended September 30, 2018 the Company recorded a write down of its exploration and evaluation assets in the amount of \$733,277 (2017-\$1,013,381). The Company regrouped certain of its mineral licenses and in that process surrendered some of the land associated with the licences. The Company recorded a write-down to its geological and geophysical data in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data.

The Company recorded stock-based compensation expense in the amount of \$23,206 for the three months ended September 30, 2018 (2017-\$6,736) and \$189,363 for the nine months ended September 30, 2018 (2017-\$14,247). In the nine months ended September 30, 2018 the Company granted 2,750,000 (2017 – 250,000) stock options to directors, employees and advisory board members, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 1,375,000 options vested on the date of the grant and the remaining 1,375,000 options vest December 31, 2019. In the nine months ended September 30, 2018 the Company’s subsidiary, Red Moon Resources Inc. granted 2,400,000 (2017 – nil) stock options to directors, employees and advisory board members, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 1,200,000 options vested on the date of the grant and the remaining 1,200,000 options vest December 31, 2019.

The following table outlines the significant components of consolidated general and administrative expenses for each of the three and nine months ended September 30, 2018 and 2017.

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	\$	\$	\$	\$
Management, salaries, contract fees and benefits	81,387	90,362	275,983	272,570
Office and administrative	25,716	24,389	90,165	97,071
Directors' fees	-	-	20,000	20,000
Transfer agent and professional fees	9,560	9,102	35,220	34,446
Conferences, travel and accommodation	5,085	6,430	33,337	45,072
	121,748	130,283	454,705	469,159
Expenses attributable to subsidiary, Red Moon Resources Inc.	12,371	13,313	51,079	47,890
Expenses attributable to parent, Vulcan Minerals Inc.	109,377	116,970	403,626	421,269
Total	121,748	130,283	454,705	469,159

OPERATIONS

Mineral Properties

Colchester Copper Gold Project

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, Colchester Mines Ltd. evaluated the previous work on the property and provided a resource calculation based on diamond drilling, that the known workings contained 1,000,000 tons (including 20% dilution) of copper grading 1.3%. This is an historic reference that is not compliant with National instrument 43-101. 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.

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 were staked including the Little Bay copper mine (dormant) and adjacent gold showings which are now collectively referred to as the Springdale project. A program of prospecting was carried out on a portion of this project in 2016. Further mapping, prospecting and geological surveying were carried out on the Colchester and Little Bay properties in the summer of 2017 confirming historic sampling and identifying areas for future trenching and geophysics. No field work was carried out in 2018.

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 property is considered to be in a mineralized trend along the west side of the Mt. Peyton pluton that contains a recent high grade gold intersection by Sokoman Iron Corp (11.9 meters of 44.9 grams/tonne gold as per their July 24, 2018 news release). This gold intersection has sparked recent staking activity around the Lizard Pond property.

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 prospecting program in 2017 and 2018 which confirms the style of mineralization described above.

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. The property will lapse in Q4, 2018 due to the Company not carrying out the work required assessment work.

South Voisey's Bay Nickel/Copper/Cobalt

The Company owns a strategic land position in the South Voisey's Bay nickel-copper-cobalt project in Labrador. The Company's claims are directly adjacent to targets that Fjordland Exploration Inc. (Fjordland) and Commander Resources Ltd. (Commander) drilled in October 2017. The Project comprises four licences containing a total of 72 claims.

The South Voisey's Bay project area contains the Pant's Lake mafic intrusive complex which was first explored for nickel following the 1993 discovery of the Voisey's Bay nickel-copper-cobalt mine, approximately 80 kilometers north. Several rounds of drilling and geophysics have established the intrusion's potential for significant accumulations of massive magmatic sulphides.

On March 21, 2018 a binding Letter of Intent was signed with Fjordland granting it the option to acquire a 65% working interest in 30 mineral claims located in the South Voisey's area, Labrador. Under the terms of the agreement, Fjordland has the option to pay Vulcan \$45,000 and incur \$150,000 in exploration expenditures over a period of three years. If the option is exercised a joint venture will be formed whereby Vulcan will be carried for 100% of its joint venture expenditures on the claims

until Fjordland earns its full interest from Commander on surrounding contiguous lands or a minimum expenditure of \$7 million on those lands. During the summer of 2018 Fjordland carried out a drilling program (approx. 1300 meters) at the South Vosiey's Bay project. Some of the drill locations are on or near Vulcan's claims but did not encounter significant mineralization.

Red Moon Resources

Red Moon Resources Inc., a subsidiary in which Vulcan holds a 66.3% ownership interest, owns a 100% interest in mineral licences covering a portion of the Bay St. George Basin in Western Newfoundland. The Bay St. George area is part of the larger Maritimes Basin which is a significant producer of salt and potash.

The Company manages Red Moon's exploration work including its delineation of the Captain Cook salt deposit, the Ace gypsum development and the nepheline syenite project. A National Instrument 43-101 compliant mineral resource report with respect to the Captain Cook salt deposit which was completed in 2016 by APEX Geoconsultants Ltd.. The resource estimate concluded that 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. To demonstrate that the salt 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 salt test work results show that the Captain Cook halite deposit has good prospects of economic viability for an industrial mineral deposit. Red Moon is soliciting funding to complete a feasibility study on the project.

Red Moon has received a mining lease on its Ace gypsum deposit in western Newfoundland with the intent of bringing the deposit into production as an open pit mine. The deposit is part of the historic Flat Bay gypsum mines that have been dormant since 1990. Red Moon has identified potential markets that warrant the permitting and revitalization of the mine commensurate with market demand for gypsum. Red Moon has received environmental clearance for the project and has received approval for a development plan filed with the provincial Department of Natural Resources to initiate production. Production activities commenced in late July and two sales of gypsum have occurred to date. Markets for 2019 are currently being solicited.

In 2017, Red Moon acquired a bulk sample from its Black Bay nepheline deposit in southern Labrador where the company conducted a mapping and sampling program in late 2016. That program confirmed that the potential tonnage of the deposit warrants further work and that the chemical composition of the material is within commercial specifications subject to certain beneficiation processes. The bulk sample of the deposit was analyzed and processed at the laboratory to better gauge the beneficiation characteristics of the raw nepheline syenite. Results indicate favourable characteristics and Red Moon is planning further sampling work and is also soliciting partners to advance the project.

Western Newfoundland-Petroleum (Onshore)

Bay St. George

The Company held 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). Investcan has relinquished the permits back to the provincial government as such the royalty interests have terminated.

Investcan abandoned and reclaimed the various well sites on the permits pursuant to environmental regulatory requirements in advance of the relinquishment. Deposits of \$286,000 posted as reclamation bonds, were refunded to the Company in April 2018.

Investment-Other

On May 12, 2017, the Company acquired a minority non-controlling interest in a newly formed private company, Vinland Materials Inc. 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 2018- 2019

The Company is soliciting partners to advance each of its projects. The Company will also continue to advance, through Red Moon, the Captain Cook salt project towards feasibility and assist with production activities at the Ace gypsum mine.

SUMMARY OF QUARTERLY RESULTS

Quarter	Total Income	Net Loss	Net Loss per share
	\$	\$	\$
September 30, 2018	743	(1,388,927)	(0.023)
June 30, 2018	286	(691,804)	(0.011)
March 31, 2018	302	(227,516)	(0.004)
December 31, 2017	42,736	(205,717)	(0.003)
September 30, 2017	992	(139,783)	(0.002)
June 30, 2017	922	(1,181,751)	(0.020)
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)

Revenue for each quarter is represented by interest income except for Q4 2017 with \$42,027 income on available for sale investment sold in the quarter. Net loss for the quarter ended September 30, 2018 includes a provision for write down of exploration and evaluation assets in the amount of \$733,277 and stock-based compensation of \$189,363. Net loss for the quarter ended June 30, 2018 included a provision for write-down of exploration and evaluation assets in the amount \$365,584 and stock-based compensation of \$163,083. Net loss for the quarter ended June 30, 2017 included a provision for write-down of exploration and evaluation assets in the amount of \$1,000,635. Net loss for the quarter ended June 30, 2016 included a write down of exploration and evaluation assets in the amount of \$127,460.

LIQUIDITY

At September 30, 2018 the Company had current assets of \$215,783, which include cash of \$133,532 including cash of \$61,076 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 established revenue from minerals properties. 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 financial statements have been prepared using generally accepted accounting principles in Canada applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Management continues to seek out partners for various projects. Nonetheless, there is no assurance that these initiatives will be successful. The Company's financial statements and management's discussion and analysis do not reflect adjustments to the carrying value of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

CAPITAL RESOURCES

The Company holds 21 mineral licences and subsidiary company, Red Moon, has 16 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 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 \$64,042 for the three months ended September 30, 2018 (\$78,165- for the three months ended September 2017) and \$219,610 for the nine months ended 30, 2018 (\$188,744- for the nine months ended September 30, 2017).

The Company paid directors' fees totalling nil for the three months ended September 30, 2018 (nil- three months ended September 30, 2017) and \$20,000 for the nine months ended September 30, 2018 (\$20,000- nine months ended September 30, 2017). Each director of Vulcan is paid an annual director's fee of \$5,000 (\$2,500 in January and June of each year). The directors of Red Moon have resolved to pay no directors' fees in 2018.

The Company and its subsidiary, Red Moon, expensed premises rent aggregating \$27,000 (2017- \$27,000) for the nine months ended September 30, 2018 to a private company owned and controlled by the President of the Company. Included in this amount is \$7,000 accrued as a payable by Red Moon Resources Inc. for the months March to September 2018.

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.

STOCK OPTIONS

Vulcan Minerals Inc.

In the nine months ended September 30, 2018 the Company granted 2,750,000 (September 30, 2017 – 250,000) stock options to directors, employees and advisory board members, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 1,375,000 options vested on the date of the grant and the remaining 1,375,000 options vest December

31, 2019.

Red Moon Resources Inc.

In the nine months ended September 30, 2018 the Company granted 2,400,000 (September 30, 2017 – nil) stock options to directors, employees and advisory board members, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 1,200,000 options vested on the date of the grant and the remaining 1,200,000 options vest December 31, 2019.

On a consolidated basis, the Company recognized share-based compensation costs in the amount of \$190,801 in the nine months ended September 30, 2018 (\$19,420- nine months ended September 2017). Share-based compensation in the amount of \$189,363 was expensed for the nine months ended September 30, 2018 (\$14,247- nine months ended September 2017) and \$1,438 (September 30, 2017- \$5,173) was capitalized to mineral exploration and evaluation assets.

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9, which replaced IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of “available for sale”, “held-to-maturity”, or “loans and receivables”. Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit and loss (“FVPL”), and FVOCI. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 replaces the “incurred” loss model in IAS 39 with “an expected credit loss” (“ECL”) model for calculating impairment. This new standard also increases required disclosure about an entity’s risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table summarizes the classification and measurement of changes for the Corporation’s financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial Assets		
Cash and cash equivalents	Amortized Cost	Amortized Cost
Accounts receivable	Amortized Cost	Amortized Cost
Investments	Available for Sale	FVOCI
Financial liabilities		
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost

As a result of the new classification model and measurement requirements under IFRS 9, the Company has elected to classify the available-for-sale investments as fair value through other comprehensive

income investments. Under this classification, there is no recycling of gains or losses from accumulated other comprehensive income to profit or loss. Due to the adoption of IFRS 9, during the nine months ended September 30, 2018, a gain of approximately \$36,557 on the disposal of investments classified as fair value through other comprehensive income was recorded in other comprehensive income rather than profit or loss during the period.

The measurement for these instruments and the line item in which they are included in the financial statements with the exception of Investments were unaffected by the adoption of IFRS 9. In accordance with the transitional provisions, the comparative information for prior periods have not been restated.

Standards and amendments not yet effective and not yet applied

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 RISKS

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 fair value through other comprehensive income. The investments had a carrying value of \$3,995 at September 30, 2018.

Business Risks

The Company is a junior exploration company principally involved in mineral exploration which are inherently high-risk activities. The business of exploring for, developing, and acquiring, mineral 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, 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 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. As of September 30, 2018, the Company had a cash balance of \$133,532 and positive working capital of \$157,378. The Company has no established current source of operating cash flow. There is no assurance that additional funding will be available to allow the Company to fund administrative expenses and exploration programs. Liquidity risk is significant to the Company. The Company's ability to continue as a going concern is dependent upon its ability to fund working capital and future acquisition costs and exploration requirements and eventually to generate positive cash flows, either from operations or proceeds from disposition of exploration assets. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern

Liquidity risk is also 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 minerals. 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

- a) In 2011, the Company was served with a statement of claim by Geophysical Service Incorporated (GSI) 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 has fully defended its interests including participating in an Alberta “common issues” trial with multiple defendants from other cases and jurisdictions which raised the same legal issues with GSI. The common legal issues pertained to whether certain GSI seismic data is subject to copyright law and if so whether the regulatory regime which prescribes for the release of that data by the regulatory bodies, including the CNLOPB, is valid and not an unlawful infringement on any copyright protection. The Alberta Court of Queen’s Bench and the Alberta Court of Appeal have both upheld the validity of the regulatory regime as a full answer to any allegation of unlawful disclosure and copyright infringement by the multiple defendants. Therefore the CNLOPB was within its rights to release the seismic data pursuant to its regulatory regime and the Company was within its rights to access the data. GSI had sought permission to appeal the decision of the Alberta Court of Appeal to the Supreme Court of Canada (SCC), however this permission was not granted by the SCC. Thus the common issues have been fully answered and no further appeals are available. The Company is of the opinion that GSI’s claim against the Company has been fully answered in the Company’s favor as a result of the “common issues” decision and will endeavor to have the claim extinguished in the Supreme Court of Newfoundland and Labrador. No amounts have been recorded in the Company’s accounts related to this claim.
- 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. Procedurally the action has moved slowly through the Alberta courts as multiple GSI actions in Alberta involving other parties were awaiting the resolution of the “common issues” trial noted (a) above. 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 have 9,400,000 stock options outstanding at November 26, 2018 (of which 3,800,000 relate to subsidiary, Red Moon) summarized in the table below. There were 6,300,000 options vested and exercisable at November 26, 2018 (of which 2,600,000 relate to subsidiary, Red Moon).

The subsidiary company has 2,525,000 share purchase warrants outstanding at November 26, 2018 summarized in the table below, of which 2,000,000 are held by Vulcan.

Date Issued	Number	Exercise Price	Details
Vulcan as follows:			Stock Options
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
September 27, 2017	150,000	\$0.10	Advisory Committee & Employee, Expiry September 27, 2022
April 27, 2018	2,750,000	\$0.10	Directors', Advisory Committee & Employees, Expiry April 27, 2023
October 10, 2018	500,000	\$0.10	Advisory Committee, Expiry October 10, 2023
Red Moon as follows:			Stock Options
March 16, 2016	1,400,000	\$0.10	Directors' Options, Expiry March 16, 2021
April 27, 2018	2,400,000	\$0.10	Directors' Options, Expiry April 27, 2023
			Warrants
Dec 1, 2015	2,525,000	\$0.10	Share Purchase Warrants, Expiry November 6, 2020

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 and Nine Months Ended
September 30, 2018 and 2017
(Unaudited)

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.
September 30, 2018 and 2017

Table of Contents

	<u>PAGE</u>
Notice of No Auditor Review	1
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Loss	3
Condensed Consolidated Statements of Comprehensive Loss	3
Condensed Consolidated Statements of Changes in Shareholders' Equity	4
Condensed Consolidated Statements of Cash Flows	5
Notes to the Condensed Consolidated Financial Statements	6 - 16

VULCAN MINERALS INC.
Condensed Consolidated Balance Sheets
As at

(in Canadian dollars)	September 30 2018	December 31 2017
	\$	\$
Assets		
Current assets		
Cash	133,532	355,726
Accounts receivable	2,477	11,157
Government grants receivable	-	18,000
Prepaid expenses	-	14,250
Deposits	19,550	330,650
Inventory	60,224	60,224
	215,783	790,007
Due from related company (Note 5)	98,000	62,990
Investments (Note 5)	3,995	23,843
Exploration and evaluation assets (Note 4)	1,954,635	2,581,553
Capital assets	33,033	36,738
	2,305,447	3,495,131
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	55,405	80,442
	55,405	80,442
Deferred option payments (Note 6)	10,000	-
	65,405	80,442
Equity (Note 10)		
Shareholders' equity	1,635,049	2,782,485
Non-controlling interest	604,993	632,204
	2,240,042	3,414,689
	2,305,447	3,495,131

Nature of operations and going concern (Note 1)

Contingencies (Note 11)

Approved on Behalf of the Board of Directors

Patrick J. Laracy _____ Director

William Koenig _____ Director

See accompanying notes to the 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,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Income (Expenses)				
Interest income	-	992	743	3,462
Write-off- exploration and evaluation assets	(316,409)	-	(733,277)	(1,013,381)
General and administrative	(121,748)	(130,283)	(454,705)	(469,148)
Stock-based compensation	(23,206)	(6,736)	(189,363)	(14,247)
Bad Debt Expense	(3,500)	-	(3,500)	-
Depreciation	(3,379)	(3,757)	(8,825)	(10,521)
Net loss	(468,242)	(139,784)	(1,388,927)	(1,503,835)
Net loss attributable to:				
Common shareholders	(451,437)	(134,870)	(1,330,411)	(1,484,300)
Non-controlling interest	(16,805)	(4,914)	(58,516)	(19,535)
	(468,242)	(139,784)	(1,388,927)	(1,503,835)
Net loss per share - basic and diluted	\$ (0.008)	\$ (0.020)	\$ (0.023)	\$ (0.025)
Weighted-average number of common shares outstanding - basic and diluted	58,526,129	58,526,129	58,526,129	58,526,129

Condensed Consolidated Statements of Comprehensive Loss (unaudited)

(in Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Net loss	(468,242)	(139,783)	(1,388,927)	(1,503,835)
Other comprehensive income (loss):				
Items that may subsequently be reclassified to profit or loss				
Change in unrealized (loss) on available-for-sale financial assets	-	20,610	-	56,265
Change in unrealized gain on FVOCI financial assets, (net of tax)	(1,035)	-	17,486	-
Comprehensive income (loss)	(469,277)	(119,173)	(1,371,441)	(1,447,570)
Comprehensive income (loss) attributable to:				
Common shareholders	(452,472)	(114,260)	(1,312,925)	(1,428,035)
Non-controlling interest	(16,805)	(4,913)	(58,516)	(19,535)
	(469,277)	(119,173)	(1,371,441)	(1,447,570)

VULCAN MINERALS INC.
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
	\$	\$	\$	\$	\$	\$	\$
	<i>Note 10</i>	<i>Note 10</i>		<i>Note 10</i>		<i>Note 10</i>	
Balance, December 31, 2016	19,101,419	2,675,830	(2,446)	(17,354,601)	4,420,202	660,722	5,080,924
Net loss and comprehensive loss							
January 1, 2017 - September 30, 2017	-	-	56,265	(1,484,300)	(1,428,035)	(19,535)	(1,447,570)
Share-based compensation in parent	-	12,082	-	-	12,082	-	12,082
Equity transactions of subsidiary	-	-	-	-	-	-	-
Share-based compensation in subsidiary	-	-	-	4,917	4,917	2,422	7,339
Balance, September 30, 2017	19,101,419	2,687,912	53,819	(18,833,984)	3,009,166	643,609	3,652,775
Net loss and comprehensive loss							
Oct 1, 2017 - December 31, 2017	-	-	(37,521)	(196,201)	(233,722)	(11,995)	(245,717)
Share-based compensation in parent	-	5,935	-	-	5,935	-	5,935
Equity transactions of subsidiary	-	-	-	(500)	(500)	(250)	(750)
Share-based compensation in subsidiary	-	-	-	1,606	1,606	807	2,413
Balance, December 31, 2017	19,101,419	2,693,847	16,298	(19,029,079)	2,782,485	632,203	3,414,689
Net loss and comprehensive loss							
January 1, 2018 - September 30, 2018	-	-	17,486	(1,330,411)	(1,312,925)	(58,516)	(1,371,441)
Share-based compensation in parent	-	95,935	-	-	95,935	-	95,935
Equity transactions of subsidiary	-	-	-	-	-	-	-
Share-based compensation in subsidiary	-	-	-	63,560	63,560	31,306	94,866
Sale of Shares in Red Moon Resources Inc.	5,994	-	-	-	5,994	-	5,994
Balance, September 30, 2018	19,107,413	2,789,782	33,784	(20,295,930)	1,635,049	604,993	2,240,042

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)	2018	2017
	\$	\$
Operating Activities		
Net loss	(1,388,927)	(1,366,530)
Adjustment for non cash items :		
Write off/loss exploration and evaluation assets	733,277	1,013,381
Share-based compensation	189,363	9,978
Depreciation	8,825	6,764
	(457,462)	(336,407)
Changes in non-cash working capital		
Accounts receivable	8,603	(3,154)
Prepaid expenses	14,250	10,973
Accounts payable and accrued liabilities	(25,037)	84,717
	(459,645)	(243,871)
Investing Activities		
Exploration and evaluation assets	(104,921)	(54,139)
Security Deposits	15,000	(1,000)
Refund of Petroleum Deposits	296,000	-
Option Payments	10,000	-
Proceeds on Disposal of Investments	43,328	-
Change in accounts payable -exploration and evaluation assets	-	2,311
Change in accounts receivable- exploration and evaluation assets	75	19,132
Government grant	18,000	32,360
Acquisition of Capital Assets	(5,120)	-
Loan Recievable	(35,010)	(29,157)
Acquisition of investments	-	(10)
	237,351	(30,503)
Net change in cash for the period	(222,294)	(443,537)
Cash, beginning of period	355,726	1,254,492
Cash, end of period	133,432	810,955

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

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 in 1995. Its registered address is 333 Duckworth Street, St. John's, NL A1C 1G9.

These financial statements have been prepared using accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company reflected a loss of \$1,388,927 for the nine months ended September 30, 2018 (2017- \$1,503,835) and had an accumulated deficit of \$20,295,930. The Company had a working capital of \$157,378 at September 30, 2018 (\$709,565- year ended December 31, 2017).

The Company must secure sufficient funding to meet its on-going working capital requirements, as well as to identify, acquire and maintain exploration licenses. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund working capital and future acquisition costs and exploration requirements and eventually to generate positive cash flows, either from operations or proceeds from disposition of exploration assets. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

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, except for the adoption of IFRS 9 "Financial Instruments" ("IFRS9") in this interim period. These unaudited interim condensed consolidated

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017.

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 26, 2018.

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 66.3% 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).

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standard adopted by the Company

IFRS 9 Financial Instruments

On January 1, 2018, the Company adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of "available for sale", "held-to-maturity", or "loans and receivables". Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit and loss ("FVPL"), and FVOCI. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 replaces the "incurred" loss model in IAS 39 with "an expected credit loss"

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

3. NEW AND AMENDED ACCOUNTING STANDARDS (continued)

("ECL") model for calculating impairment. This new standard also increases required disclosure about an entity's risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The following table summarizes the classification and measurement of changes for the Corporation's financial assets and financial liabilities as a result of the adoption of IFRS 9.

	IAS 39	IFRS 9
Financial Assets		
Cash and cash equivalents	Amortized Cost	Amortized Cost
Accounts receivable	Amortized Cost	Amortized Cost
Investments	Available for Sale	FVOCI
Financial liabilities		
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost

As a result of the new classification model and measurement requirements under IFRS 9, the Company has elected to classify the available-for-sale investments as fair value through other comprehensive income investments. Under this classification, there is no recycling of gains or losses from accumulated other comprehensive income to profit or loss. Due to the adoption of IFRS 9, during the nine months ended September 30, 2018, a gain of approximately \$36,557 on the disposal of investments classified as fair value through other comprehensive income was recorded in other comprehensive income rather than profit or loss during the period.

The measurement for these instruments and the line item in which they are included in the financial statements with the exception of Investments were unaffected by the adoption of IFRS 9. In accordance with the transitional provisions, the comparative information for prior periods have not been restated.

Standards and amendments not yet effective and not yet applied

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)
September 30, 2018 and 2017

4. EXPLORATION AND EVALUATION ASSETS

The Company has 37 mineral licences (2017-36) which consist of 1,353 claims (December 31, 2017 – 1,623), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licences are in the exploration and evaluation stage. A summary of the exploration and evaluation assets is as follows:

	September 30, 2018				December 31, 2017				
	Balance, Beginning of Year	Additions	Writedowns	Other	Balance, End of Year	Balance, Beginning of Year	Additions	Writedowns	Balance, End of Year
	\$	\$	\$		\$	\$	\$		\$
Mineral properties									
Property									
acquisition costs	131,995	9,908	(27,949)	-	113,954	133,930	4,905	(6,840)	131,995
Exploration costs	1,744,230	127,720	-	(31,268)	1,840,682	1,533,746	210,484	-	1,744,230
Geological and geophysical data	705,328	-	(705,328)	-	-	1,712,259	-	(1,006,931)	705,328
	2,581,553	137,628	(733,277)	(31,268)	1,954,636	3,379,935	215,389	(1,013,771)	2,581,553

Current year additions to mineral exploration and evaluation assets have been reduced by a government grant of \$nil (December 31, 2017- \$38,757). Current year additions to mineral exploration costs include share based compensation of \$1438 (December 31, 2017- \$6,424).

The Company held a database of geological and geophysical data. In 2018 and 2017, the Company regrouped certain of its mineral licences at licence renewal dates, and as result, surrendered a portion of the lands associated with the licences. The Company recorded a write-down to the geological and geophysical data in 2018 in the amount of \$705,328 (2017-\$1,006,931), which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data. The Company recorded \$27,949 (2017- \$6,840) in write-downs to property acquisition costs for licenses that expired for a total write down of \$733,277 (2017-\$1,013,771).

The Company recorded \$31,268 in net proceeds from sales of the Ace Gypsum mine, not yet in commercial production. (nil- December 31, 2017).

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

5. INVESTMENTS

Investments	2018	2017
	\$ 3,995	\$ 23,843

Investments, classified as fair value through other comprehensive income, consist of:

Shares in a public company received as consideration for option payments on mineral claims with a cost of \$91,512. At September 30, 2018, the market value of the shares is \$3,985 (December 31, 2017 – \$5,166). In years prior to 2014, an unrealized loss of \$85,500 was removed from other comprehensive loss and recorded in the statement of loss. In the year ended December 31, 2015, an unrealized loss of \$4,500 was removed from other comprehensive loss and recorded in the statement of loss. In 2017, an unrealized gain of \$2,298 was removed from other comprehensive income and recorded in the statement of loss.

Shares in a newly incorporated private company, Vinland Materials Inc. On May 12, 2017, the Company acquired a minority non-controlling interest. This new company was formed to pursue the development of various industrial commodities in the Province of Newfoundland and Labrador. The Company has extended a loan receivable in the amount of \$105,000 less a provision for uncollectible amounts of 10% (\$10,500) net \$98,000 to Vinland Materials Inc.

6. DEFERRED OPTION PAYMENTS

	30-Sep-18	31-Dec-17
	\$	\$
South Voisey's Bay	10,000	-
	10,000	-

On March 21, 2018 a binding Letter of Intent was signed with Fjordland Exploration Inc. (“Fjordland”) granting Fjordland the option to acquire a 65% working interest in 30 mineral claims located in the South Voisey’s area, Labrador. Fjordland has an option to earn a 65% interest in the property over a three year period by incurring exploration expenditures of \$150,000 and by making option payments of \$45,000 cash. As at September 30, 2018 \$10,000 cash has been received. In the event that Fjordland earns a 65% interest, the Company will retain their 35% interest and enter into a joint venture whereby Vulcan will be carried for 100% of its joint venture expenditures on the claims until Fjordland earns its full interest from Commander Resources Ltd. on surrounding contiguous lands or a minimum expenditure of \$7 million on those lands.

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

7. SHARE-BASED COMPENSATION

a) Vulcan Minerals Inc. stock options

The Company has a stock option plan under which directors, officers, management, consultants and employees of the Company and its subsidiary 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 2018		December 31 2017	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
		\$		\$
Outstanding, beginning of period	4,050,000	0.10	3,800,000	0.10
Granted	2,750,000	0.10	250,000	0.10
Expired	(1,700,000)	0.10	-	-
Outstanding, end of period	5,100,000	0.10	4,050,000	0.10
Exercisable, end of period	3,600,000	0.10	3,925,000	0.10

The weighted average remaining contractual life of outstanding options is 3.65 years (December 31, 2017 – 1.96 years). The weighted average remaining contractual life of exercisable options is 3.29 years (December 31, 2017 – 1.92 years).

In the nine months ended September 30, 2018, 1,700,000 Stock Options issued to Directors on February 1, 2013 expired pursuant to their five-year term.

In the nine months ended September 30, 2018 the Company granted 2,750,000 (December 31, 2017 – 250,000) stock options to directors, employees and advisory board members, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 1,375,000 options vested on the date of the grant and the remaining 1,375,000 options vest December 31, 2019.

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

b) Fair Value assumptions

The weighted average fair value of stock options granted in the nine months ended September 30, 2018 was estimated on the date of the grant to be \$ 0.054 (September 30, 2017- \$0.054) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

	2018	2017
Expected volatility (%)	154	154
Risk free interest rate (%)	2.12	1.55
Weighted-average expected life (years)	5.0	5.0
Dividend yield (%)	0	0

c) Red Moon Resources Inc. stock options

Red Moon Resources Inc. (Red Moon) has a stock option plan under which directors, officers, management, consultants and employees of Red Moon 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 Red Moon at the time of granting the options. The number of shares which may be reserved for issuance in any 12 month period to any one individual may not exceed 5% of the issued shares or 2% if the optionee is a consultant, and the number of shares which may be reserved for issuance in any 12 month period to all optionees engaged in investor relations activities may not exceed 2% in the aggregate of the issued shares on a yearly basis. Options may be exercisable over periods of up to ten years, as determined by the Board of Directors of Red Moon and are required to have an exercise price no less than the closing market price of Red Moon's shares prevailing on the day that the option is granted less a discount of up to 25%, with the amount of the discount varying with market price in accordance with the policies of the TSXV.

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

7. SHARE-BASED COMPENSATION (continued)

A summary of the status of the Red Moon Resources Inc. stock option plans is as follows:

	September 30, 2018		December 31, 2017	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
Outstanding, beginning of period	3,150,000	0.10	3,350,000	0.10
Granted	2,400,000	0.10	-	0.10
Forfeited	-	0.10	(100,000)	-
Cancelled	-	0.10	(100,000)	-
Expired	(1,750,000)	0.10	-	-
Outstanding, end of period	3,800,000	0.10	3,150,000	0.10
Outstanding and exercisable, end of period	2,600,000	0.10	3,150,000	0.10

The weighted average remaining contractual life of outstanding options is 3.80 years (December 31, 2017 – 1.47 years). The weighted average remaining contractual life of exercisable options is 3.44 years (December 31, 2017- 1.47 years).

In the nine months ended September 30, 2018 the Company granted 2,400,000 (December 31, 2017 – nil) stock options to directors, employees and advisory board members, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 1,200,000 options vested on the date of the grant and the remaining 1,200,000 options vest December 31, 2019.

In the nine months ended September 30, 2018 1,750,000 Stock Options issued to Directors on February 1, 2013 expired pursuant to their five-year term.

d) Consolidated share-based compensation expense

On a consolidated basis, the Company recognized share-based compensation costs in the amount of \$190,801 in the nine months ended September 30, 2018 (\$19,420- nine months ended September 2017). Share-based compensation in the amount of \$189,363 was expensed for the nine months ended September 30, 2018 (\$14,247- nine months ended September 2017) and \$1,438 (September 30, 2017- \$5,173) was capitalized to mineral exploration and evaluation assets.

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2018 and 2017

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	\$	\$	\$	\$
Management, salaries, contract fees and benefits	81,387	90,362	275,983	272,570
Office and administrative	25,716	24,389	90,165	97,071
Directors' fees	-	-	20,000	20,000
Transfer agent and professional fees	9,560	9,102	35,220	34,446
Conferences, travel and accommodation	5,085	6,430	33,337	45,072
	121,748	130,283	454,705	469,159
Expenses attributable to subsidiary, Red Moon Resources Inc.	12,371	13,313	51,079	47,890
Expenses attributable to parent, Vulcan Minerals Inc.	109,377	116,970	403,626	421,269
Total	121,748	130,283	454,705	469,159

9. RELATED PARTY TRANSACTIONS

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

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2018 and 2017

9. RELATED PARTY TRANSACTIONS (continued)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	\$	\$	\$	\$
Management fees, salaries and benefits for key management personnel				
General and administrative expense	63,875	75,495	219,053	188,744
Capitalized as mineral exploration and evaluation assets	167	2,670	557	7,824
Share-based compensation				
General and administrative expense	21,269	3,173	178,202	9,519
Capitalized as mineral exploration and evaluation assets	168	1,073	575	3,220
Directors' fees	-	-	20,000	20,000
	85,479	82,411	418,387	229,307

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
	\$	\$	\$	\$
Rent paid/payable to a corporation which is controlled by the President of the Company	9,000	9,000	27,000	27,000

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

September 30, 2018 and 2017

10. COMPARATIVE FIGURES

Certain comparative figures in the notes to the consolidated financial statements have been reclassified in order to conform with the presentation adopted for the current year. Furthermore, a reclassification related to the share based compensation in Red Moon in the year ended December 31, 2016 decreased contributed surplus by \$170,967, decreased the deficit by \$62,448 and increased non-controlling interest by \$233,415.

11. CONTINGENCIES

- a) In 2011, the Company was served with a statement of claim by Geophysical Service Incorporated (GSI) 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 has fully defended its interests including participating in an Alberta “common issues” trial with multiple defendants from other cases and jurisdictions which raised the same legal issues with GSI. The common legal issues pertained to whether certain GSI seismic data is subject to copyright law and if so whether the regulatory regime which prescribes for the release of that data by the regulatory bodies, including the CNLOPB, is valid and not an unlawful infringement on any copyright protection. The Alberta Court of Queen’s Bench and the Alberta Court of Appeal have both upheld the validity of the regulatory regime as a full answer to any allegation of unlawful disclosure and copyright infringement by the multiple defendants. Therefore, the CNLOPB was within its rights to release the seismic data pursuant to its regulatory regime and the Company was within its rights to access the data. GSI had sought permission to appeal the decision of the Alberta Court of Appeal to the Supreme Court of Canada (SCC), however this permission was not granted by the SCC. Thus, the common issues have been fully answered and no further appeals are available. The Company is of the opinion that GSI’s claim against the Company has been fully answered in the Company’s favor as a result of the “common issues” decision and will endeavor to have the claim extinguished in the Supreme Court of Newfoundland and Labrador. No amounts have been recorded in the Company’s accounts related to this claim.
- 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. Procedurally the action has moved slowly through the Alberta courts as multiple GSI actions in Alberta involving other parties were awaiting the resolution of the “common issues” trial noted (a) above. 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.

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Jennifer Button
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

Tel: (709) 754-3186

e-mail: info@vulcanminerals.ca

HEAD OFFICE

333 Duckworth Street
St. John’s, NL, A1C 1G9
Tel: (709) 754-3186
Fax: (709) 754-3946
Website: www.vulcanminerals.ca