



Condensed Consolidated Financial Statements
For the Period Ended September 30, 2021

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, 2021

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

| (in Canadian dollars) | September 30 2021 | December 31 2020 |
|--|----------------------|---------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 13,472,824 | 1,190,715 |
| Accounts receivable | 154,780 | 87,960 |
| Prepaid expenses | 13,943 | 13,672 |
| | 13,641,547 | 1,292,347 |
| Investments (Note 4) | 433,836 | 5,461 |
| Exploration and evaluation assets (Note 5) | 1,904,492 | 1,674,868 |
| Capital assets | 21,733 | 14,145 |
| Total Assets | 16,001,608 | 2,986,821 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 192,340 | 148,080 |
| Flow through premium liability | 133,334 | - |
| | 325,674 | 148,080 |
| Deferred Option Payments (Note 6) | 825,000 | - |
| Loan (Note 7) | 28,187 | 27,150 |
| Asset retirement obligation (Note 8) | 136,139 | 129,430 |
| | 1,315,000 | 304,660 |
| Equity (Note 9) | | |
| Shareholders' equity | 9,403,055 | 2,235,935 |
| Non-controlling interest | 5,283,553 | 446,226 |
| | 14,686,608 | 2,682,161 |
| Total Liabilities and Equity | 16,001,608 | 2,986,821 |

Contingencies (Note 13)

Subsequent event (Note 14)

Approved on Behalf of the Board of Directors

Patrick J. Laracy **Director**

Carson Noel **Director**

See accompanying notes to the condensed financial statements

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

| (in Canadian dollars) | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|------------------------------------|-----------------|-----------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ |
| Income (Expenses) | | | | |
| Interest Income | 13,470 | - | 18,926 | (15,742) |
| Interest accretion on loan | (351) | - | (1,037) | - |
| Income (loss) from equity accounted investments | - | 594 | - | 594 |
| Flow through share tax expense | - | - | - | (734) |
| Bad debt recovery | - | - | - | 10,500 |
| General and administrative (Note 11) | (323,216) | (58,760) | (1,298,795) | (190,700) |
| Director's fees | - | - | (45,000) | - |
| Share-based compensation (Note 10) | (207,175) | (31,631) | (1,003,900) | (52,136) |
| Depreciation | (1,727) | (1,599) | (4,489) | (4,798) |
| Net loss | (518,999) | (91,396) | (2,334,295) | (253,016) |
| Net loss attributable to: | | | | |
| Common shareholders | (266,103) | (83,501) | (1,250,758) | (222,327) |
| Non-controlling interest | (252,896) | (7,895) | (1,083,537) | (30,689) |
| | (518,999) | (91,396) | (2,334,295) | (253,016) |
| Net loss per share - basic and diluted | (0.005) | (0.001) | (0.026) | (0.003) |
| Weighted-average number of common shares outstanding - basic and diluted | 105,879,939 | 81,352,765 | 90,081,625 | 81,352,765 |

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

| (in Canadian dollars) | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|--|------------------------------------|-----------------|-----------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ |
| Net loss | (518,999) | (91,396) | (2,334,295) | (253,016) |
| Other comprehensive loss (income): Items that may subsequently be reclassified to profit or loss | | | | |
| Change in fair value on investments classified as FVOCI | 331,769 | 442 | 271,623 | 885 |
| | 331,769 | 442 | 271,623 | 885 |
| Comprehensive loss | (187,230) | (90,954) | (2,062,672) | (252,131) |
| Comprehensive loss attributable to: | | | | |
| Common shareholders | 65,666 | (83,059) | (979,135) | (221,442) |
| Non-controlling interest | (252,896) | (7,895) | (1,083,537) | (30,689) |
| | (187,230) | (90,954) | (2,062,672) | (252,131) |

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

(in Canadian dollars)

| | Share Capital | Warrants | Contributed Surplus | Accumulated Other Comprehensive Income (Loss) | Deficit | Total Shareholders' Equity | Non- Controlling Interest | Total Equity |
|---|-----------------------------|------------------------|------------------------|--|---------------------|----------------------------------|---------------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | Notes 9 (a), (b) and (d) | Notes 9 (d) and (e) | Notes 9 (c) | | | | | |
| Balance, December 31, 2019 | 19,220,616 | 19,915 | 2,856,011 | 32,161 | (20,619,969) | 1,508,734 | 490,249 | 1,998,983 |
| Net loss and comprehensive loss | | | | | | | | |
| January 1, 2020 - September 30, 2020 | - | - | - | 885 | (222,327) | (221,442) | (30,689) | (252,131) |
| Issuance of shares and warrants pursuant to private placements | 500,000 | 500,000 | - | - | - | 1,000,000 | - | 1,000,000 |
| Share issuance costs | (6,450) | - | - | - | - | (6,450) | - | (6,450) |
| Share-based compensation in parent | - | - | 33,415 | - | - | 33,415 | - | 33,415 |
| Share-based compensation in subsidiary | - | - | - | - | 11,800 | 11,800 | 6,911 | 18,711 |
| Balance September 30, 2020 | 19,714,166 | 519,915 | 2,889,426 | 33,046 | (20,830,496) | 2,326,057 | 466,471 | 2,792,528 |
| Net loss and comprehensive loss | | | | | | | | |
| October 1, 2020 - December 31, 2020 | - | - | - | 2,215 | (130,136) | (127,921) | (37,864) | (165,785) |
| Issuance of shares and warrants pursuant to private placements | 23,504 | (23,504) | - | - | - | - | - | - |
| Expiration of warrants | - | (19,915) | 19,915 | - | - | - | - | - |
| Share-based compensation in parent | - | - | 7,785 | - | - | 7,785 | - | 7,785 |
| Share-based compensation in subsidiary | - | - | - | - | 30,014 | 30,014 | 17,619 | 47,633 |
| Balance December 31, 2020 | 19,737,670 | 476,496 | 2,917,126 | 35,261 | (20,930,618) | 2,235,935 | 446,226 | 2,682,161 |
| Net loss and comprehensive loss | | | | | | | | |
| January 1, 2021 - September 30, 2021 | - | - | - | (271,625) | (1,250,758) | (1,522,383) | (1,083,537) | (2,605,920) |
| Adjustment for change in ownership in subsidiary | - | - | - | - | (292,071) | (292,071) | 292,071 | - |
| Issuance of shares and warrants pursuant to private placements | 2,326,428 | 2,173,572 | - | - | - | 4,500,000 | - | 4,500,000 |
| Issuance of brokers warrants pursuant to private placements | - | 73,968 | - | - | - | 73,968 | - | 73,968 |
| Exercise of options - parent | 36,750 | - | (11,750) | - | - | 25,000 | - | 25,000 |
| Exercise of warrants - parent | 306,330 | (124,330) | - | - | - | 182,000 | - | 182,000 |
| Share issuance costs - parent | (171,639) | - | - | - | - | (171,639) | - | (171,639) |
| Issuance of shares and warrants - subsidiary | - | - | - | - | 3,216,910 | 3,216,910 | 5,233,078 | 8,449,988 |
| Sale of shares of subsidiary - parent | - | - | - | - | 360,000 | 360,000 | - | 360,000 |
| Share issuance costs - subsidiary | - | - | - | - | (223,654) | (223,654) | (363,825) | (587,479) |
| Exercise of options - subsidiary | - | - | - | - | 3,807 | 3,807 | 6,193 | 10,000 |
| Exercise of warrants - subsidiary | - | - | - | - | 448,119 | 448,119 | 275,471 | 723,590 |
| Share-based compensation in parent | - | - | 273,300 | - | - | 273,300 | - | 273,300 |
| Share-based compensation in subsidiary | - | - | - | - | 293,763 | 293,763 | 477,876 | 771,639 |
| Balance, September 30, 2021 | 22,235,539 | 2,599,706 | 3,178,676 | (236,364) | (18,374,502) | 9,403,055 | 5,283,553 | 14,686,608 |

See accompanying notes to the condensed consolidated financial statements

VULCAN MINERALS INC.
Condensed Consolidated Statements of Cash Flows

| (in Canadian dollars) | September 2021 | December 31 2020 |
|--|-------------------|---------------------|
| | | \$ |
| Operating Activities | | |
| Net loss | (2,334,295) | (421,016) |
| Adjustment for non cash items: | | |
| Income from equity accounted investment | - | 15,742 |
| Gain on disposal of investment | - | (594) |
| Write down of inventory | - | 10,000 |
| Bad debt recovery | - | (10,500) |
| Government assistance | - | (13,738) |
| Interest accretion on loan | 1,037 | 888 |
| Share-based compensation | 1,003,900 | 107,544 |
| Depreciation | 4,489 | 6,397 |
| | (1,324,869) | (305,277) |
| Changes in non-cash working capital | | |
| Accounts receivable | 11,791 | 15,138 |
| Prepaid expenses | (271) | (3,781) |
| Accounts payable and accrued liabilities | 44,260 | 31,491 |
| Flow share premium liability | 133,334 | - |
| | (1,135,755) | (262,429) |
| Financing Activities | | |
| Share issuance costs - parent | (97,671) | (6,450) |
| Shares issued on exercise of options - parent | 25,000 | - |
| Shares issued on exercise of warrants - parent | 182,000 | - |
| Shares issued on exercise of options - subsidiary | 10,000 | - |
| Shares issued on exercise of warrants - subsidiary | 723,590 | - |
| Deferred option payments - parent | 125,000 | - |
| Sale of shares of subsidiary | 360,000 | - |
| Private placement - parent | 4,500,000 | 1,000,000 |
| Private placement - subsidiary | 8,449,988 | - |
| Loan proceeds - parent | - | 40,000 |
| Share issuance costs - subsidiary | (587,479) | - |
| | 13,690,428 | 1,033,550 |
| Investing Activities | | |
| Exploration and evaluation assets | (569,498) | (210,058) |
| Feasibility study | (160,785) | - |
| Deposits refunded | 29,650 | 5,250 |
| Increase in exploration deposits | 163,872 | - |
| Purchase of Capital assets | (12,077) | - |
| Repayment from (advances to) related company | - | 42,000 |
| Proceeds from gypsum revenues | 276,274 | 185,208 |
| Proceeds from sale of investment | - | 74,522 |
| | (272,564) | 96,922 |
| Net change in cash for the period | 12,282,109 | 868,043 |
| Cash, beginning of period | 1,190,715 | 322,672 |
| Cash, end of period | 13,472,824 | 1,190,715 |

See accompanying notes to the condensed consolidated financial statements

1. NATURE OF OPERATIONS

Vulcan Minerals Inc. is engaged in the evaluation, acquisition and exploration of minerals 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 is in the exploration stage on most of its projects except through its subsidiary Atlas Salt Inc. (previously Red Moon Resources Inc.) which is in the pre-production phase for gypsum.

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

The Company prepares its condensed consolidated financial statements with Canadian generally accepted accounting principles ("GAAP") as set out in the Canadian Professional Accountants of Canada Handbook – Accounting – Part I ("CPA Canada Handbook") which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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. A summary of the Company's significant accounting policies under IFRS is presented in Note 4 to the year-end financial statements, December 31, 2020.

These condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 29, 2021.

3. FUTURE ACCOUNTING STANDARDS

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
September 30, 2021

non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently assessing the financial impact of the amendments and expects to apply the amendments at the effective date.

4. INVESTMENTS

| | September 30, 2021 | December 31, 2020 |
|-------------|-------------------------------|------------------------------|
| | \$ | \$ |
| Investments | 433,836 | 5,461 |

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

Shares in a public company received as consideration for option payments on mineral claims with an initial value of \$700,000 (December 31, 2020 – \$nil). At September 30, 2021, the market value of the shares is \$430,000 (December 31, 2020 – \$nil).

Shares in a public company received as consideration for option payments on mineral claims with an initial value of \$91,512. At September 30, 2021, the market value of the shares is \$3,836 (December 31, 2020 – \$5,461).

5. EXPLORATION AND EVALUATION ASSETS

The Company has 59 mineral licences (December 31, 2020 - 45) which consist of 3,950 claims (December 31, 2020 – 1,298), 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:

VULCAN MINERALS INC.**Notes to the Condensed Consolidated Financial Statements**

September 30, 2021

| | September 30, 2021 | | | |
|---|---|------------------|-------------------------------|---------------------------------------|
| | Balance, Beginning of Period | Additions | Incidental Revenue | Balance, End of Period |
| | \$ | \$ | \$ | \$ |
| Mineral properties property acquisition costs | 136,625 | 395,088 | - | 531,713 |
| Feasibility study | - | 160,785 | - | 160,785 |
| Exploration costs | 1,538,243 | 28,636 | (354,885) | 1,211,994 |
| | 1,674,868 | 584,509 | (354,885) | 1,904,492 |

| | December 31, 2020 | | | |
|---|---|------------------|-------------------------------|---------------------------------------|
| | Balance, Beginning of Period | Additions | Incidental Revenue | Balance, End of Period |
| | \$ | \$ | \$ | \$ |
| Mineral properties property acquisition costs | 87,609 | 49,016 | - | 136,625 |
| Exploration costs | 1,651,915 | 158,617 | (272,289) | 1,538,243 |
| | 1,739,524 | 207,633 | (272,289) | 1,674,868 |

Current year additions to mineral exploration costs include share-based compensation of \$41,041 (December 31, 2020 – \$nil). The Company recorded \$354,885 in incidental revenue from sales of gypsum from the Ace Gypsum mine (December 31, 2020 – \$272,289). See Note 6 for discussion on refund of security deposits.

6. DEFERRED OPTION PAYMENTS

| | September 30, 2021 | December 31, 2020 |
|--------------------|-------------------------------|------------------------------|
| | \$ | \$ |
| Gander property | 800,000 | - |
| South Voisey's Bay | 25,000 | - |
| | 825,000 | - |

In February 2021, the Company entered into an option agreement with Sassy Resources Corporation ("Sassy") in relation to the Company's Gander Belt Gold mineral property (624 claims). Sassy has an option to earn a 100% interest in the property over a four-year period by incurring exploration expenditures of \$2,000,000 (\$200,000 in year 2021) and by making option payments of 2,500,000 common

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2021

shares, and \$400,000 cash (\$100,000 upon signing). As at September 30, 2021, 1,000,000 common shares having a market value of \$700,000 at the time of their issuance and \$100,000 cash have been received. Security deposits of \$28,950 paid on the 624 claims have been reimbursed to the Company. \$800,000 as of September 30, 2021 has been recorded as deferred option payments. After Sassy earns its 100% interest, the Company can retain a 3% net smelter royalty (NSR) covering the 624 claims. Sassy has the right to repurchase one-half of that NSR (1.5%) for \$2,000,000 in cash and 500,000 common shares within one year following delivery to Vulcan of a Feasibility Report on any deposit advanced on the properties.

On September 20, 2021, the Company entered into an option agreement with Fjordland Exploration Inc. ("Fjordland") in relation to the Company's South Voisey's Bay mineral licenses (30 claims). Fjordland has an option to earn a 100% interest in the property over a three-year period by incurring work commitment of \$250,000 (\$250,000 in year 2024) and by making option payments of 1,350,000 common shares, and \$70,000 cash (\$25,000 upon signing). As at September 30, 2021, no common shares have been received from Fjordland and \$25,000 has been set up as accounts receivable. \$25,000 as of September 30, 2021 has been recorded as deferred option payments (Note 14). After Fjordland earns its 100% interest, the Company can retain a 2% net smelter returns royalty (NSR) covering the 30 claims. Fjordland has the right to buy down 50% of the NSR (1%) at any time within one year following the start of commercial production on the Property in consideration for the payment of \$2,000,000 in cash payable to the Company.

7. LOAN

| | September 30, 2021 | December 31, 2020 |
|------------------------|-----------------------|----------------------|
| Loan | \$ 27,150 | \$ 27,150 |
| Fair value adjustment | 1,037 | - |
| Balance, end of period | 28,187 | 27,150 |

The Company availed of a \$40,000 loan under the federal government of Canada Covid-19 relief measures in 2020. The Canada Emergency Business Account loan provides a forgivable amount of \$10,000 if the amount of \$30,000 is repaid by December 31, 2022. This loan is non-interest bearing until January 1, 2023. In the event there is a loan balance outstanding on January 1, 2023, the loan will be renewed for a 3-year term with a fixed annual rate of interest of 5%. Interest accretion on the loan for the year is \$1,037 (December 31, 2021 – \$nil).

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8. ASSET RETIREMENT OBLIGATIONS

Upon termination of the Company's Ace Gypsum mine, the Company is required to satisfy certain asset retirement obligations including the removal of any equipment and the restoration of the land and premises to their original condition.

The total discounted cash flows estimated to settle its asset retirement obligations as at September 30, 2021 was \$136,139 (2020 – \$129,430). The estimated future cash flows have been discounted using a risk-free rate of 0.44% (December 31, 2020 – 0.2%) and an inflation rate of 3.1% (December 31, 2020 – 0.7%). As at September 30, 2021, the Company had entered an agreement with an insurance company to provide a surety bond to the Newfoundland and Labrador government in compliance with its requirements under the approved site development plan, as submitted and reviewed by the government of Newfoundland and Labrador. As additional work and reclamation is completed on the property, the Company will increase or decrease this bond as required by the Newfoundland and Labrador government.

A reconciliation of the asset retirement obligation is provided below:

| | September 30, 2021 | December 31, 2020 |
|------------------------------|-------------------------------|------------------------------|
| | \$ | \$ |
| Balance, beginning of period | 129,430 | 129,430 |
| Provisions incurred | 6,709 | - |
| Balance, end of period | 136,139 | 129,430 |

VULCAN MINERALS INC.
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9. SHARE CAPITAL

Vulcan Minerals Inc.

a. Authorized

Unlimited number of voting common shares

Unlimited number of preferred shares, issuable in series

b. Issued and outstanding

| | September 30, 2021 | | December 31, 2020 | |
|--|--------------------|-------------------|-------------------|-------------------|
| | Number | Share Capital | Number | Share Capital |
| | | \$ | | \$ |
| Balance, beginning of period | 81,352,765 | 19,737,670 | 61,352,765 | 19,220,616 |
| Issued pursuant to private placements (note 9 (d) and (e)) | 22,500,000 | 2,326,428 | 20,000,000 | 523,504 |
| Exercise of share warrants | 1,800,000 | 182,000 | - | - |
| Transfer to share capital on exercise of warrants | - | 124,330 | - | - |
| Exercise of options | 250,000 | 25,000 | - | - |
| Transfer to share capital on exercise of options | - | 11,750 | - | - |
| Share issuance cost | - | (171,639) | - | (6,450) |
| Balance, end of period | 105,902,765 | 22,235,539 | 81,352,765 | 19,737,670 |

c. Contributed surplus

A summary of contributed surplus is as follows:

| | September 30, 2021 | December 31, 2020 |
|------------------------------------|--------------------|-------------------|
| | \$ | \$ |
| Balance, beginning of period | 2,917,126 | 2,856,011 |
| Share-based compensation (Note 10) | 273,300 | 41,200 |
| Fair value of options exercised | (11,750) | - |
| Expiration of warrants | - | 19,915 |
| Balance, end of period | 3,178,676 | 2,917,126 |

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d. Private placements

Pursuant to a private placement dated June 22, 2021 the Company closed 22,500,000 units at \$0.20 per unit for total cash consideration of \$4,500,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 per share until December 23, 2023. An amount of \$2,326,428 has been allocated to share capital and \$2,173,572 to the fair value of the warrants (note 9 (e)).

Pursuant to a private placement dated August 26, 2020 the Company closed 20,000,000 units at \$0.05 per unit for total cash consideration of \$1,000,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.10 per share until August 26, 2023. An amount of \$523,504 has been allocated to share capital and \$476,496 to the fair value of the warrants (note 9 (e)).

e. Warrants

A summary of warrants issued and exercisable and changes during the periods then ended is as follows:

| | September 30, 2021 | | December 31, 2020 | |
|-------------------------------|---------------------------|--|---------------------------|--|
| | Number of Warrants | Weighted-Average Exercise Price | Number of Warrants | Weighted-Average Exercise Price |
| | | \$ | | \$ |
| Balance, beginning of period | 20,980,000 | 0.10 | 1,413,318 | 0.12 |
| Expired | - | - | (433,318) | 0.12 |
| Exercised | (1,800,000) | 0.10 | - | - |
| Issued to shareholders | 22,500,000 | 0.30 | 20,000,000 | 0.10 |
| Issued to brokers | 304,500 | 0.30 | - | - |
| Balance, end of period | 41,984,500 | 0.21 | 20,980,000 | 0.10 |

| | September 30, 2021 | December 31, 2020 |
|--|---------------------------|--------------------------|
| | \$ | \$ |
| Balance, beginning of period | 476,496 | 19,915 |
| Transferred to share capital on exercise of warrants | (124,330) | - |
| Fair value of warrants issued | 2,173,572 | 476,496 |
| Fair value of brokers warrants issued | 73,968 | - |
| Expiry of warrants | - | (19,915) |
| Balance, end of period | 2,599,706 | 476,496 |

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The weighted average fair value of the warrants was estimated on the date of issuance to be \$0.24 (December 31, 2020 – \$0.07) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

| | September 30, 2021 | December 31, 2020 |
|--|-------------------------------|------------------------------|
| Expected volatility (%) | 237 | 200 |
| Risk free interest rate (%) | 0.41 | 1.49 |
| Weighted-average expected life (years) | 2.5 | 3.0 |
| Dividend yield (%) | - | - |

10. 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.

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

| | September 30, 2021 | | December 31, 2020 | |
|----------------------------------|------------------------------|---|------------------------------|---|
| | Number of Options | Weighted- Average Exercise Price | Number of Options | Weighted- Average Exercise Price |
| | | \$ | | \$ |
| Outstanding, beginning of period | 5,425,000 | 0.10 | 5,500,000 | 0.10 |
| Granted | 2,950,000 | 0.16 | 700,000 | 0.10 |
| Exercised | (250,000) | 0.11 | - | - |
| Expired | (700,000) | 0.10 | (775,000) | 0.10 |
| Outstanding, end of period | 7,425,000 | 0.12 | 5,425,000 | 0.10 |
| Exercisable, end of period | 5,475,000 | 0.11 | 4,725,000 | 0.10 |

The weighted average remaining contractual life of outstanding options is 3.39 years (December 31, 2020 – 2.21 years). The weighted average remaining contractual life of exercisable options is 3.25 years (December 31, 2020 – 1.90 years).

In the nine months ended September 30, 2021 the company granted 2,700,000 stock options to directors with each option entitling the holder to purchase one common share at \$0.15 per share for a period of five years. 1,350,000 options vested on the date of the grant March 9, 2021 and the remaining 1,350,000 options vest June 1, 2022.

In addition, the company granted 250,000 stock options to a consultant with each option entitling the holder to purchase one common share at \$0.25 per share for a period of one year. The options vest quarterly on December 20, 2021, March 20, 2022, June 20, 2022 and September 20, 2022.

In the year ended December 30, 2020 the company granted 700,000 stock options to one director with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 350,000 options vested on the date of the grant August 26, 2020 and the remaining 350,000 options vest December 31, 2021.

b. Fair Value assumptions

The weighted average fair value of stock options granted in the nine months ended September 30, 2021 was estimated to be \$0.1804 (December 31, 2020 – \$0.0575) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

VULCAN MINERALS INC.**Notes to the Condensed Consolidated Financial Statements**

September 30, 2021

| | September 30, 2021 | December 31, 2020 |
|--|-------------------------------|------------------------------|
| Expected volatility (%) | 187.75 | 84 |
| Risk free interest rate (%) | 1.13 | 0.49 |
| Weighted-average expected life (years) | 4.66 | 5.0 |
| Dividend yield (%) | - | - |

c. Atlas Salt Inc. stock options

Atlas Salt Inc. (“Atlas Salt”) has a stock option plan under which directors, officers, management, consultants and employees of the Company 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 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 the Company and are required to have an exercise price no less than the closing market price of the Company’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.
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A summary of stock options outstanding and exercisable is as follows:

| | September 30, 2021 | | December 31, 2020 | |
|--|--------------------|---------------------------------|-------------------|---------------------------------|
| | Number of Options | Weighted-Average Exercise Price | Number of Options | Weighted-Average Exercise Price |
| | | \$ | | \$ |
| Outstanding, beginning of period | 5,000,000 | 0.10 | 4,500,000 | 0.10 |
| Granted | 2,100,000 | 0.54 | 1,100,000 | 0.10 |
| Exercised | (100,000) | 0.10 | - | - |
| Expired | (500,000) | - | (600,000) | - |
| Outstanding, end of period | 6,500,000 | 0.24 | 5,000,000 | 0.10 |
| Outstanding and exercisable, end of period | 4,800,000 | 0.18 | 4,150,000 | 0.10 |

During the nine months ended September 30, 2021, 100,000 options were exercised, and 500,000 options expired.

On April 9, 2021, the Company granted 1,700,000 stock options to Directors with each option entitling the holder to purchase one common share at \$0.50 per share for a period of five years. 850,000 options vested on the date of grant and the remaining 850,000 options vest on July 1, 2022.

On April 19, 2021, the Company granted 200,000 stock options to a consultant with each option entitling the holder to purchase one common share at \$0.60 per share for a period of two years. These options vest quarterly on July 19, 2021, October 19, 2021, January 19, 2022, and April 19, 2022.

On June 15, 2021, the Company granted 200,000 stock options to a consultant with each option entitling the holder to purchase one common share at \$0.80 per share for a period of two years. These options vest quarterly on September 15, 2021, December 15, 2021, March 15, 2022, and June 15, 2022.

For the period ending December 31, 2020 the Company granted 1,100,000 stock options to Directors with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 550,000 options vested on the date of the grant December 16, 2020, and the remaining 550,000 options vest December 31, 2021.

In the year ended December 31, 2019, the Company granted 700,000 stock options in two grants. One grant of 100,000 options was made to a Director entitling the holder to purchase one common share for each option at \$0.10 for a period of five years.

VULCAN MINERALS INC.**Notes to the Condensed Consolidated Financial Statements****September 30, 2021**

50,000 options vested on the date of the grant May 6, 2019, and 50,000 shares vest on December 31, 2020. Another grant of 600,000 options was granted to Director's entitling the holder to purchase one common share for each option at \$0.10 per share for a period of five years. 300,000 shares vested on the date of the grant December 30, 2019, and 300,000 shares vested on March 31, 2021.

The weighted average remaining contractual life of outstanding options is 3.41 years (December 31, 2020 – 2.59 years). The weighted average remaining contractual life of exercisable options is 3.23 years (December 31, 2020 – 2.30 years). The weighted average fair value of stock options granted in the year was estimated on the dates of the grants to be \$0.54 (December 31, 2020 – \$0.075) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

| | September 30, 2021 | December 31, 2020 |
|--|-------------------------------|------------------------------|
| Expected volatility (%) | 168 | 175 |
| Risk free interest rate (%) | 0.32 | 0.45 |
| Weighted-average expected life (years) | 4.43 | 5.0 |
| Dividend yield (%) | - | - |

d. Consolidated share-based compensation expense

The Company recognized share-based compensation in the amount of \$1,044,942 in the nine months ended September 30, 2021 (September 30, 2020 - \$52,136). Share-based compensation in the amount of \$1,003,900 was expensed for the nine months ended September 30, 2020 (September 30, 2020 – \$52,136) and \$41,042 (September 30, 2020 – \$nil) was capitalized to mineral exploration and evaluation assets.

VULCAN MINERALS INC.**Notes to the Condensed Consolidated Financial Statements**

September 30, 2021

11. GENERAL AND ADMINISTRATIVE EXPENSES

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|---|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Office and administrative Management, salaries and contract fees and benefits | 245,570 | 18,956 | 434,443 | 64,980 |
| Marketing and communications | 65,623 | 30,549 | 143,129 | 83,332 |
| Investor relations | (63,711) | - | 582,065 | - |
| Transfer agent and professional fees | 51,000 | - | 51,000 | - |
| Travel and accommodation | 24,640 | 9,060 | 88,010 | 35,233 |
| | 94 | 195 | 148 | 7,155 |
| | 323,216 | 58,760 | 1,298,795 | 190,700 |
| Expenses attributable to subsidiary, Atlas Salt Inc. | 227,686 | 14,981 | 993,126 | 63,886 |
| Expenses attributable to parent, Vulcan Minerals Inc. | 95,530 | 43,779 | 305,669 | 126,814 |
| | 323,216 | 58,760 | 1,298,795 | 190,700 |

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
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12. RELATED PARTY TRANSACTIONS

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

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|--|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Management fees, salaries and benefits for key management personnel: | | | | |
| General and administrative | 69,143 | 25,546 | 203,782 | 60,555 |
| Capitalized as mineral exploration and evaluation assets | 12,434 | 9,934 | 31,634 | 22,898 |
| Share-based compensation for key management personnel: | | | | |
| General and administrative | 207,175 | 31,631 | 1,003,900 | 64,359 |
| Capitalized as mineral exploration and evaluation assets | 8,297 | - | 41,042 | 2,091 |
| | 297,049 | 67,111 | 1,280,358 | 149,903 |

| | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 | Nine Months Ended September 30, 2021 | Nine Months Ended September 30, 2020 |
|--|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Rent paid to a corporation which is controlled by the President of the Company | 9,000 | 9,000 | 27,000 | 27,000 |

13. CONTINGENCIES

- a. The legal case initiated by Geophysical Service Incorporated (GSI) in 2011 against the Company has been discontinued (dropped) by GSI and GSI has paid settled costs to the Company in 2021.

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

September 30, 2021

- 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.

14. SUBSEQUENT EVENTS

On October 5, 2021 the Company received 600,000 shares of Fjordland Exploration Inc. in relation to the deferred option payments and the \$25,000 cash payment was received on October 8, 2021.

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Gillian Russell
Chief Financial Officer and Corporate
Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Carson Noel

Philip E. Collins

Fraser Edison

EXCHANGE LISTING

TSX Venture – “VUL”

LEGAL COUNSEL

Morris McManus, Calgary, AB
Morton Law, Vancouver, BC
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