



**Consolidated Financial Statements**  
For the Years Ended December 31, 2023 and 2022

# VULCAN MINERALS INC.

December 31, 2023

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To the Shareholders of Vulcan Minerals Inc.:

## Opinion

We have audited the consolidated financial statements of Vulcan Minerals Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Assessment of impairment indicators of mineral exploration and evaluation assets*

#### *Key Audit Matter Description*

As described in Notes 4 and 7 to the consolidated financial statements, the total book value of mineral exploration and evaluation assets amounted to \$2.055 million as at December 31, 2023. At the end of each reporting period, management assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made to determine the extent of the impairment, if any. No indicators of impairment were identified during the year.

We considered this a key audit matter due to the significance of the mineral exploration and evaluation assets, and the judgments by management in their assessment of indicators of impairment related to the mineral exploration and evaluation assets, and these have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.

### *Audit Response*

We responded to this matter by performing audit procedures relating to the assessment of impairment indicators of mineral exploration and evaluation assets. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed the judgments made by management in determining the impairment indicators, which included the following:
  - Obtained, for a sample of claims, by reference to a government registry, evidence to support the right to explore the area.
  - Read board of directors' resolutions and obtained budgets to evidence continued and planned substantive expenditures on further exploration and evaluation of resource properties are budgeted and the expected renewals of exploration rights.
  - Assessed the results of exploration and evaluation activities on the mineral exploration and evaluation assets and if facts and circumstances suggest that the carrying amount may exceed the recoverable amount based on evidence obtained in other areas of the audit.

### *Assessment of impairment indicators of investment in associates*

#### *Key Audit Matter Description*

As described in Notes 4 and 6 to the consolidated financial statements, the total book value of the Company's investment in associates amounted to \$38.57 million as at December 31, 2023. At the end of each reporting period, management assesses each of its investments to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist in accordance with IAS 28.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made to determine the extent of the impairment, if any. No indicators of impairment were identified during the year.

We considered this a key audit matter due to the significance of the investment in associates, and the judgments by management in their assessment of indicators of impairment related to these investments.

### *Audit Response*

We responded to this matter by performing audit procedures relating to the assessment of impairment indicators of the investment in associates. Our audit work in relation to this included, but was not restricted to, the following:

- Assessed the judgments made by management in determining the impairment indicators, which included the following:
  - For each associate, reviewed management's accounting position relating to the assessment of impairment indicators and performed audit procedures on the underlying accounting records of the associates in order to obtain sufficient and appropriate audit evidence over management's judgment.

## **Other Matter**

The consolidated financial statements of Vulcan Minerals Inc. for the year ended December 31, 2022 were audited by PricewaterhouseCoopers LLP of St. John's, Newfoundland and Labrador, Canada, prior to its merger with MNP LLP. PricewaterhouseCoopers LLP expressed an unmodified opinion on those statements on April 26, 2023.

## **Other Information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Walter-Armando Gomez Figueroa.

Montréal, Québec

April 24, 2024

*MNP* LLP<sup>1</sup>

<sup>1</sup> By CPA auditor, public accountancy permit No. A142237

**VULCAN MINERALS INC.**  
**Consolidated Statements of Financial Position**  
**As at**

(in Canadian dollars)	December 31 2023	December 31 2022
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	4,453,493	6,148,762
Guaranteed investment certificate	2,013,485	-
Accounts receivable	52,426	154,130
Prepaid expenses	41,447	10,615
	<b>6,560,851</b>	<b>6,313,507</b>
Investments (Note 5)	244,969	650,893
Investment in associates (Note 6)	38,572,994	39,455,425
Exploration and evaluation assets (Note 7)	2,055,214	1,293,728
Capital assets (Note 8)	15,798	20,947
<b>Total Assets</b>	<b>47,449,826</b>	<b>47,734,500</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	166,617	137,981
Loan (Note 9)	30,000	30,000
	<b>196,617</b>	<b>167,981</b>
Deferred income tax liability (Note 10)	3,586,288	3,957,119
<b>Total Liabilities</b>	<b>3,782,905</b>	<b>4,125,100</b>
<b>Equity</b>		
Shareholders' equity (Note 11)	43,666,921	43,609,400
<b>Total Equity</b>	<b>43,666,921</b>	<b>43,609,400</b>
<b>Total Liabilities and Equity</b>	<b>47,449,826</b>	<b>47,734,500</b>
Contingencies (Note 17)		
Subsequent events (Note 18)		
Approved on Behalf of the Board of Directors		
Patrick J. Laracy	_____ Director	
Carson Noel	_____ Director	

**VULCAN MINERALS INC.**  
**Consolidated Statements of Loss**  
**Years Ended December 31**

(in Canadian dollars)	2023	2022
	\$	\$
<b>Expenses</b>		
General and administrative (Note 13)	(557,533)	(578,979)
Director's fees	(20,000)	(20,000)
Depreciation (Note 8)	(6,435)	(5,834)
Share-based compensation (Note 12)	-	(843,927)
<b>Loss from operations</b>	<b>(583,968)</b>	<b>(1,448,740)</b>
<b>Other income (expenses)</b>		
Interest income	251,514	94,352
Income from option payments (Note 7)	131,399	210,392
Dilution gain (loss) (Note 6)	760,126	(2,749,853)
Loss from equity accounted investments (Note 6)	(1,642,557)	(231,605)
Gain on sale of mineral property (Note 7)	-	1,051,400
Income from receipt of shares (Note 6)	-	367,498
Government assistance (Note 9)	-	(1,457)
	<b>(499,518)</b>	<b>(1,259,273)</b>
<b>Loss before taxes</b>	<b>(1,083,486)</b>	<b>(2,708,013)</b>
Deferred income tax (Note 10)	308,606	(47,239)
<b>Net loss</b>	<b>(774,880)</b>	<b>(2,755,252)</b>
Net loss per share - basic and diluted	<b>(0.006)</b>	<b>(0.024)</b>
Weighted-average number of common shares outstanding - basic and diluted	<b>121,575,607</b>	<b>113,261,050</b>

See accompanying notes to the consolidated financial statements

**VULCAN MINERALS INC.**  
**Consolidated Statements of Comprehensive Loss**  
**Years Ended December 31**

(in Canadian dollars)	2023	2022
	\$	\$
<b>Net loss</b>	<b>(774,880)</b>	<b>(2,755,252)</b>
Other comprehensive loss:		
Items that may subsequently be reclassified to profit or loss		
Change in fair value on investments classified as FVOCI, net of taxes (Note 5)	<b>(414,226)</b>	<b>(931,789)</b>
	<b>(414,226)</b>	<b>(931,789)</b>
<b>Comprehensive loss</b>	<b>(1,189,106)</b>	<b>(3,687,041)</b>

See accompanying notes to the consolidated financial statements

**VULCAN MINERALS INC.**  
**Consolidated Statements of Changes in Equity**

(in Canadian dollars)	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
	\$	\$	\$	\$	\$	\$
	(Note 11)	(Note 11)	(Note 11)			
<b>Balance December 31, 2021</b>	<b>23,149,820</b>	<b>2,234,614</b>	<b>3,237,906</b>	<b>(61,258)</b>	<b>16,545,883</b>	<b>45,106,965</b>
Net loss and comprehensive loss						
January 1, 2022 - December 31, 2022	-	-	-	(931,789)	(2,755,252)	(3,687,041)
Adjustment for change in ownership in associate	-	-	-	-	15,538	15,538
Exercise of options	232,555	-	(150,055)	-	-	82,500
Exercise of warrants	1,258,310	(47,361)	-	-	-	1,210,949
Issuance of shares for purchase of mineral exploration and evaluation assets	30,000	-	-	-	-	30,000
Share issuance costs, net of taxes	(10,872)	-	-	-	-	(10,872)
Share-based compensation capitalized to exploration and evaluation assets	-	-	17,434	-	-	17,434
Share-based compensation	-	-	843,927	-	-	843,927
<b>Balance December 31, 2022</b>	<b>24,659,813</b>	<b>2,187,253</b>	<b>3,949,212</b>	<b>(993,047)</b>	<b>13,806,169</b>	<b>43,609,400</b>
Net loss and comprehensive loss						
January 1, 2023 - December 31, 2023	-	-	-	(414,226)	(774,880)	(1,189,106)
Exercise of options	3,725	-	(1,225)	-	-	2,500
Exercise of warrants	1,553,933	(298,933)	-	-	-	1,255,000
Share issuance costs, net of taxes	(10,873)	-	-	-	-	(10,873)
Expiry of warrants	-	(1,885,299)	1,885,299	-	-	-
<b>Balance December 31, 2023</b>	<b>26,206,598</b>	<b>3,021</b>	<b>5,833,286</b>	<b>(1,407,273)</b>	<b>13,031,289</b>	<b>43,666,921</b>

See accompanying notes to the consolidated financial statements

**VULCAN MINERALS INC.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31**

(in Canadian dollars)	2023	2022
		\$
<b>Operating Activities</b>		
Net loss	(774,880)	(2,755,252)
Adjustment for non cash items:		
Dilution (gain) loss (Note 6)	(760,126)	2,749,853
Loss from equity accounted investments (Note 6)	1,642,557	231,605
Deferred option payments and investment in unrelated companies (Note 7)	(81,400)	(1,110,391)
Shares received on distribution of spin out (Note 6)	-	(367,498)
Shares issued in exchange for exploration and evaluation assets	-	30,000
Income from guaranteed investment certificate	(13,485)	-
Interest accretion on loan (Note 9)	-	1,457
Deferred income tax liability (Note 10)	(308,606)	47,239
Share-based compensation (Note 12)	-	843,927
Depreciation (Note 8)	6,435	5,834
	(289,505)	(323,226)
Changes in non-cash working capital		
Accounts receivable	101,704	(30,824)
Prepaid expenses	(30,832)	(1,033)
Accounts payable and accrued liabilities	28,636	36,824
<b>Cash used in operating activities</b>	<b>(189,997)</b>	<b>(318,259)</b>
<b>Financing Activities</b>		
Cash received upon exercise of options (Note 11)	2,500	82,500
Cash received upon exercise of warrants (Note 11)	1,255,000	1,210,950
<b>Cash from financing activities</b>	<b>1,257,500</b>	<b>1,293,450</b>
<b>Investing Activities</b>		
Exploration and evaluation expenditures (Note 7)	(774,136)	(366,587)
Refunds on exploration and evaluation assets (Note 7)	12,650	9,050
Deposits on exploration and evaluation assets	-	(62,331)
Sale of mineral property (Note 7)	-	158,600
Purchase of guaranteed investment certificate	(2,000,000)	-
Purchase of capital assets (Note 8)	(1,286)	(14,322)
<b>Cash used in investing activities</b>	<b>(2,762,772)</b>	<b>(275,590)</b>
Net change in cash and cash equivalents for the year	(1,695,269)	699,601
Cash and cash equivalents, beginning of year	6,148,762	5,449,161
<b>Cash and cash equivalents, end of year</b>	<b>4,453,493</b>	<b>6,148,762</b>

**VULCAN MINERALS INC.**  
**Notes to the Consolidated Financial Statements**  
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**1. NATURE OF OPERATIONS**

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 is in the exploration stage on most of its projects. 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 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"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on an historical cost basis, except for investments which are measured at fair value and investment in associate which is measured using the equity method.

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations, over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Intercompany transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases. Any retained interest is measured to its fair value with the change in carrying amount recognized in income or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or joint venture. The Company has two subsidiaries which are both inactive.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 24, 2024.

### **3. NEW AND AMENDED IFRS STANDARDS AND INTERPRETATIONS**

#### **Effective for the current year ending December 31, 2023**

The following revised standards are effective for annual periods beginning on January 1, 2023, and had been adopted in the current period:

#### **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company adopted these amendments on January 1, 2023, and removed all the non-material accounting policies in these annual financial statements.

#### **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement

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refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company adopted these amendments on January 1, 2023, and determined there was no impact on its annual financial statements.

**Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

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The amendments are effective for annual periods beginning on or after January 1, 2023, with early application permitted. The Company adopted these amendments on January 1, 2023, and determined there was no impact on its annual financial statements.

**Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amount in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the standard with the following clarifications:

- A change in accounting estimate that results from new information or developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted

The Company adopted these amendments on January 1, 2023, and determined there was no impact on its annual financial statements.

#### **4. MATERIAL ACCOUNTING POLICIES**

**Material management accounting estimates and judgments**

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates. Material estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below:

*Determination of significant influence of associates:* At the end of each reporting period, the Company assesses whether significant influence exists over its investment in associate. Judgment was required in determining whether it exercised significant influence over Triple Point Resources Ltd. due to its ownership being less than 20%.

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The Company considered the following factors: representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes, material transactions between the entity and its investee, interchange of managerial personnel and provision of essential technical information.

*Exploration and evaluation assets:* At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as, the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted and results of exploration and evaluation activities on the exploration and evaluation assets. No indications of impairment were identified at December 31, 2023.

*Impairment in Investment in Associates:* At the end of each reporting period, the Company considers whether there is any evidence of impairment in an associate. When there is evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount. If the recoverable amount of an investment in associate is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period of impairment. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in the consolidated statement of loss and comprehensive loss in the period the reversal occurs. No indications of impairment were identified at December 31, 2023.

*Share-based compensation:* Management is required to make certain estimates when determining the fair value of stock options, deferred share units and compensation units issued including future volatility of the Company's share price, expected forfeiture rates, expected lives of the underlying securities, expected dividends and other relevant assumptions.

*Going concern:* When preparing financial statements, management is required to make an assessment of the entity's ability to continue as a going concern. This assessment requires management to estimate the Company's ability to meet current obligations and commitments over the upcoming twelve months.

**Basis of consolidation**

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved by having each of: power over the investee via existing rights that give the Company the current ability to direct the

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relevant activities of the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability of 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 control commences until the date control ceases. All intercompany transactions and balances have been eliminated.

**Share-based compensation**

The Company has equity settled share-based payment plans. The fair value of options is determined using the Black-Scholes option pricing model and is amortized to earnings or loss over the vesting period with a corresponding increase to contributed surplus. When options are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

Forfeiture of stock options is estimated on issuance and the number of stock options expected to vest is reviewed at least annually with any adjustment being recognized immediately.

**Income taxes**

Income tax expense is comprised of current and deferred income tax. Current tax and deferred income tax are recognized in earnings or loss except to the extent that they relate to items recognized directly in the statement of changes in equity.

Current tax expense comprises the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on either the same taxable entity, or on different taxable entities, which intend to settle tax liabilities and assets on a net basis or realize their tax assets and liabilities simultaneously.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses, unused tax credits and temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

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**Loss per share**

Basic net loss per share is calculated by dividing net earnings (loss) by the weighted-average number of common shares outstanding during the period. Diluted net earnings (loss) per share is equivalent to basic earnings (loss) per share as the inclusion of outstanding options and warrants is anti-dilutive.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash and short-term deposits. Short-term deposits are cashable within a three month or less period.

**Guaranteed investment certificate**

Guaranteed investment certificate are short-term investments held with a chartered bank are non-redeemable until the maturity date within a twelve month or less period.

**Deposits**

The Company makes deposits on mineral licences which are refundable when and if the Company incurs sufficient exploration expenditures within a specified time frame and files a related report with the appropriate government authorities. Should the Company not incur the applicable exploration expenditures, post a bond in lieu thereof or fail to submit the related exploration report within the applicable timeframe, the deposit becomes non-refundable and is added to mineral properties.

**Exploration and evaluation**

All costs directly associated with the exploration and evaluation of mineral exploration and evaluation assets are initially capitalized. Exploration and evaluation costs are those expenditures for an area where technical feasibility and commercial viability has not yet been determined. These costs include unproved property acquisition costs, geological and geophysical costs, asset retirement costs, exploration and evaluation drilling, sampling and appraisals. Costs incurred prior to acquiring the legal rights to explore an area are charged directly to net loss as exploration and evaluation expense. The Company holds a database of geological and geophysical data which are reflected at the costs to acquire the data net of provision for loss.

When an area is determined to be technically feasible and commercially viable, the accumulated costs are transferred to property, plant and equipment. When an area is determined not to be technically feasible and commercially viable or the Company decides not to continue with its activity, the unrecoverable costs are charged to net earnings or loss as exploration and evaluation expense.

The Company defines technical feasibility and commercial viability as an economic, commercial discovery wherein cash flows can be demonstrated and achieved.

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Share-based compensation is capitalized to exploration and evaluation assets based on the percentage of time spent working on the project during each quarter when such time relates to performing the activities listed above.

Incidental revenue and cost recoveries relating to exploration and evaluation are recorded first as a reduction of the specific exploration and evaluation property to which the fees and payments relate, and any excess as other revenue on the consolidated statement of loss.

**Investments**

Investments in equity instruments are subsequently measured at fair value with changes recorded in net income or loss. Equity instruments that are not held for trading can be irrevocably designated at fair value through other comprehensive loss on initial recognition without subsequent reclassification to net income or loss. Cumulative gains and losses are transferred from accumulated other comprehensive loss to retained earnings upon derecognition of the investment. Dividend income on equity instruments measured at fair value through other comprehensive loss is recognized in the consolidated statement of income (loss) on the ex-dividend date.

**Investment in associate**

An associate is an entity over which the Company has significant influence, and which is neither a subsidiary or a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity, but can also arise where the Company holds less than 20% if it has the power to be actively involved and influential in policy decisions affecting the entity.

An investment in associate is accounted for using the equity method. Under this method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the associate, less any impairment losses. Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate. Unrealized profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest therein.

**Impairment of long-lived assets**

The carrying amount of the Company's long-lived assets is assessed at each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Assets are grouped at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (cash generating unit "CGU"). A CGU may include certain aggregated long-lived

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assets. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount, with the impairment loss recognized in net loss for the reporting period. Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but only to the extent that this amount does not exceed the carrying amount that would have been recognized, net of depletion, depreciation and amortization, had an impairment loss not been recognized in previous periods.

**Financial instruments**

The Company classifies its financial instruments in the following measurement categories: fair value through profit and loss (FVTPL); fair value through other comprehensive income (FVOCI); or amortized cost. Management determines the classification of its financial instruments at initial recognition.

The accounting policies related to these financial assets and liabilities are as follows:

*Amortized cost and effective interest rate:* The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

*Initial recognition and measurement:* Financial instruments are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments, other than financial instruments at FVTPL are added to or deducted from the fair value of the financial instrument, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at FVTPL are recognized immediately in net earnings.

*Classification and subsequent measurement:* A financial asset is subsequently measured at:

- amortized cost if it is held for the purposes of collecting contractual cash flows with such cash flows solely comprising payments of principal and interest on the principal amount outstanding;
- FVOCI if it is: held for the purposes of collecting contractual cash flows and selling financial assets with such cash flows solely comprising payments of principal and interest on the principal amount outstanding; or irrevocably designated as such upon initial recognition; and
- FVTPL if it is: neither classified as subsequently measured at amortized cost nor FVOCI; or irrevocably designated as such upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency

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that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

The Company classifies its financial assets using the following measurement categories:

- FVOCI; or
- Amortized cost

All financial assets are carried at amortized cost to the exception of investments carried at FVOCI.

Liabilities carried at amortized cost will continue to be measured as outlined in measurement methods above.

*Impairment of financial assets:* Financial assets which are measured subsequent to initial recognition at amortized cost are assessed for indicators of impairment at the end of each reporting period. The amount of the impairment loss, if any, is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The Company's financial assets carried at amortized cost consist only of cash, accounts receivable and due from related company.

The Company's exposure to credit risk on its cash balance is mitigated as cash deposits are held with major financial institutions with strong credit ratings.

A loss allowance provision, which reflects the Company's estimate of credit losses, is applied to reduce the carrying amount of trade receivables and due from related parties. Subsequent recoveries of amounts previously provided for are credited against the allowance.

## 5. INVESTMENTS

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	<b>December 31 2023</b>	<b>December 31 2022</b>
	\$	\$
Investments	<b>244,969</b>	650,893

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Investments classified as fair value through other comprehensive income consist of: shares in public companies received as consideration for option payments on mineral claims with an initial value of \$1,083,303 (December 31, 2022 – \$1,001,904). Shares were also received as consideration for the sale of mineral claims with an initial value of \$960,000 (December 31, 2022 - \$960,000).

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At December 31, 2023, the market value of the shares is \$244,969 (December 31, 2022 – \$650,893).

**6. INVESTMENT IN ASSOCIATES**

	<b>December 31 2023</b>	<b>December 31 2022</b>
	<b>\$</b>	<b>\$</b>
Investment in Atlas Salt Inc.	<b>38,169,833</b>	38,988,798
Investment In Triple Point Resources Ltd.	<b>403,161</b>	466,627
	<b>38,572,994</b>	39,455,425

**Atlas Salt Inc.**

Atlas is incorporated under the laws of the Province of British Columbia. Atlas Salt's head office is in St. John's, Newfoundland and Labrador.

On October 31, 2021, as a result of the deconsolidation of Atlas Salt, an equity investment was recorded based on the fair value of the shares held on that date. At that date the Company's ownership in Atlas Salt was 37.44%. Management has determined that its investment in the common shares of Atlas Salt gives it significant influence over Atlas Salt. As a result, the Company applied the equity method of accounting for its investment in Atlas Salt. Subsequent to the deconsolidation, the Company's ownership decreased to 30.49% as of December 31, 2023 (December 31, 2022 – 32.97%). A dilution gain of \$655,941 (December 31, 2022 – dilution loss of \$2,866,718) was recorded resulting from the increase in equity offset by a decrease in ownership in Atlas Salt during the year.

The continuity of the Company's investment in Atlas Salt common shares is as follows:

	<b>December 31 2023</b>	<b>December 31 2022</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>38,988,798</b>	42,069,385
Share of loss and comprehensive loss	<b>(1,474,906)</b>	(213,869)
Dilution gain (loss)	<b>655,941</b>	(2,866,718)
Investment in Atlas Salt	<b>38,169,833</b>	38,988,798

The fair value of the Company's investment in Atlas Salt as at December 31, 2023 was \$44,320,164 (December 31, 2022 - \$58,070,910).

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The following summarized financial information of Atlas Salt as at December 31, 2023 and 2022 and for the years then ended, including fair value adjustments made at the time of recognition of the interest, is as follows:

	<b>December 31 2023</b>	<b>December 31 2022</b>
	\$	\$
<b>Balance Sheet</b>		
Cash and cash equivalents	<b>12,192,483</b>	9,269,788
Current assets	<b>220,069</b>	507,482
Non-current assets	<b>48,905,164</b>	45,213,191
Current liabilities	<b>460,971</b>	1,090,439
Non-current liabilities	<b>136,931</b>	144,720
Equity	<b>60,719,814</b>	53,755,302
<b>Net loss and comprehensive loss</b>		
Interest income	<b>568,662</b>	151,873
Other income	<b>365,182</b>	1,476,990
Net loss and comprehensive loss	<b>(4,838,013)</b>	(2,453,060)

Atlas Salt had depreciation of \$12,908 in 2023 (December 31, 2022 – \$3,393). There was \$nil interest expense (December 31, 2022 - \$nil) and \$nil income tax expense in 2023 (December 31, 2022 – \$nil).

**Triple Point Resources Ltd. (“Triple Point”)**

Triple Point was incorporated on April 1, 2022 under the laws of the Province of British Columbia. Triple Point’s head office is in St. John’s, Newfoundland and Labrador.

On September 22, 2022, Atlas Salt closed the Triple Point spin-out through a Plan of Arrangement.

Vulcan received 7,832,350 shares of Triple Point as a result of this spin-out at a deemed price of \$0.05 per share. An equity investment of \$367,498 was recorded based on the fair value of the shares held on that date. At that date the Company’s ownership in Triple Point was 10.27%. Management determined that its investment in the common shares of Triple Point along with a common director, gave it significant influence over Triple Point as of December 31, 2022. As a result, the Company applied the equity method of accounting for its investment in Triple Point.

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The continuity of the Company's investment in Triple Point common shares is as follows:

	December 31 2023	December 31 2022
	\$	\$
Balance beginning of year	466,627	-
Balance as of September 22, 2022	-	367,498
Share of loss and comprehensive loss	(167,651)	(17,736)
Dilution gain	104,185	116,865
Investment in Triple Point	403,161	466,627

The following summarized financial information of Triple Point as at December 31, 2023 and for the period ended December 31, 2022 is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
<b>Balance Sheet</b>		
Cash and cash equivalents	3,665,487	5,014,739
Other current assets	351,064	40,043
Non-current assets	1,376,621	703,993
Current liabilities	222,390	86,231
Equity	5,170,782	5,672,544
<b>Net loss and comprehensive loss</b>	<b>January 1 – December 31, 2023</b>	<b>September 22 – December 31, 2022</b>
Interest Income	139,374	-
Net loss and comprehensive loss	(1,031,228)	(215,606)

Triple Point had depreciation of \$539 in 2023 (December 31, 2022 – \$nil). There was \$nil interest expense (December 31, 2022 - \$nil) and \$nil income tax expense in 2023 (December 31, 2022 – \$nil).

## 7. EXPLORATION AND EVALUATION ASSETS

The Company has 30 mineral licences (December 31, 2022 - 34) which consist of 2,017 claims (December 31, 2022 – 2,129), 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. As of December 31, 2023, 10 of these licences consisting of 545 claims were optioned to Sassy Resources Corporation (these have since been assigned to Gander Gold Corporation).

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A summary of the exploration and evaluation assets is as follows:

	<b>December 31, 2023</b>			
	<b>Balance, Beginning of Year</b>	<b>Additions</b>	<b>Deposits Received</b>	<b>Balance, End of Year</b>
	\$	\$	\$	\$
Mineral properties property acquisition costs	139,949	40	(12,650)	127,339
Exploration costs	1,288,671	774,096	-	2,062,767
Deferred option payments	(134,892)	-	-	(134,892)
	<b>1,293,728</b>	<b>774,136</b>	<b>(12,650)</b>	<b>2,055,214</b>

	<b>December 31, 2022</b>			
	<b>Balance, Beginning of Year</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance, End of Year</b>
	\$	\$	\$	\$
Mineral properties property acquisition costs	245,267	53,282	(158,600)	139,949
Exploration costs	889,114	399,557	-	1,288,671
Deferred option payments	(134,892)	-	-	(134,892)
	<b>999,489</b>	<b>452,839</b>	<b>(158,600)</b>	<b>1,293,728</b>

Current year additions to mineral exploration costs include share-based compensation of \$nil (December 31, 2022 – \$17,434).

In February 2021, the Company entered into an option agreement with Sassy Gold Corp. (previously Sassy Resources Corporation) (“Sassy”) in relation to the Company's Gander Belt Gold mineral property. Subsequent to the date of this agreement, Sassy assigned the option to Gander Gold Corporation (“Gander Gold”). The first anniversary and subsequent option payments were paid by Gander Gold including the issuance of Gander Gold shares. 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 and by making option payments of 2,500,000 (2021 - 1,000,000, 2022 - 300,000, 2023 - 300,000, 2024 - 400,000, 2025 - 500,000) common shares, and \$400,000 cash (2021 - \$100,000, 2022 - \$50,000, 2023 - \$50,000, 2024 - \$100,000, 2025 - \$100,000). As at December 31, 2023, 1,000,000 common shares of Sassy and 772,408 common shares of Gander Gold (December 31, 2022 - 1,000,000 common shares of Sassy and 386,194 shares of Gander Gold) having a market value of \$924,291 (December 31, 2022 - \$842,892) at the time of their issuance and \$200,000 cash (December 31, 2022 - \$150,000) have been received. Security deposits of \$28,950 paid on the claims have been reimbursed to the Company. As of December 31,

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2023, \$122,626 (December 31, 2022 - \$122,626) has been recorded as cost recoveries to the Gander properties and \$131,399 (December 31, 2022 - \$192,892) recorded as income during period. After Sassy earns its 100% interest, the Company can retain a 3% net smelter royalty (NSR) covering the 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 had an option to earn a 100% interest in the property over a three-year period by incurring work commitment of \$250,000 and by making option payments of 1,350,000 common shares, and \$70,000 cash (\$25,000 upon signing). As at December 31, 2023, 850,000 common shares (December 31, 2022 – 850,000) having a market value of \$67,500 (December 31, 2022 - \$67,500) at the time of their issuance and \$35,000 (December 31, 2022 - \$35,000) has been received. As of December 31, 2023, \$12,266 (December 31, 2022 - \$12,266) has been recorded as cost recoveries to the South Voisey's Bay properties and \$nil (December 31, 2022 - \$17,500) recorded as income during the year. If Fjordland earns its 100% interest, the Company can retain a 2% net smelter returns royalty (NSR) covering the 30 claims. Fjordland had 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. On October 30, 2023, Fjordland advised the Company that it terminated the option agreement.

On May 9, 2022 the Company entered into a Purchase and Sale Agreement whereby the Company sold 12 mineral licences (2,440 claims) to Rocky Island Gold Corp ("Rocky Island"). Rocky Island paid \$250,000 cash and issued 3,000,000 common shares in the capital of Sassy Gold Corp. ("Sassy"). The Company received a one percent (1%) net smelter royalty covering the claims. The common shares had a market value of \$960,000 at the time of their issuance and \$250,000 cash has been received. A gain on the sale of mineral property of \$1,051,400 has been recorded as income during 2022.

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**8. CAPITAL ASSETS**

	December 31, 2023			
	Drilling Rig	Furniture and Fixtures	Computer Equipment	Total
	\$	\$	\$	\$
Opening Balance	798,368	12,296	103,967	914,631
Additions	-	-	1,286	1,286
Sub-total	798,368	12,296	105,253	915,917
Accumulated Depreciation	(794,399)	(11,881)	(87,404)	(893,684)
Depreciation	(1,190)	(83)	(5,162)	(6,435)
Sub-total	(795,589)	(11,964)	(92,566)	(900,119)
Net book value	2,779	332	12,687	15,798

	December 31, 2022			
	Drilling Rig	Furniture and Fixtures	Computer Equipment	Total
	\$	\$	\$	\$
Opening Balance	798,368	12,296	89,645	900,309
Additions	-	-	14,322	14,322
Sub-total	798,368	12,296	103,967	914,631
Accumulated Depreciation	(792,699)	(11,776)	(83,375)	(887,850)
Depreciation	(1,700)	(105)	(4,029)	(5,834)
Sub-total	(794,399)	(11,881)	(87,404)	(893,684)
Net book value	3,969	415	16,563	20,947

**9. LOAN**

	December 31 2023	December 31 2022
	\$	\$
Balance, beginning of year	30,000	28,543
Fair value adjustment	-	1,457
Balance, end of year	30,000	30,000

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

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annual rate of interest of 5%. Interest accretion on the loan as of December 31, 2023 is \$nil (December 31, 2022 – \$1,457). In January 2022, the Government of Canada amended the CEBA program which delayed the required repayment date to December 31, 2023. This repayment date was extended to January 18, 2024 in September 2023. This loan was repaid in January 2024.

**10. INCOME TAXES**

**Deferred Income Taxes**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Temporary differences related to exploration and evaluation assets	<b>(816,331)</b>	(750,272)
Tax effect on investments classified as FVOCI	<b>(269,750)</b>	(196,652)
Share issuance costs	<b>(21,228)</b>	(32,102)
Non-capital loss carryforwards	<b>(819,544)</b>	(707,677)
Investment in associate	<b>5,591,034</b>	5,723,400
Capital assets	<b>(2,225)</b>	(3,910)
Capital loss carryforwards	<b>(75,668)</b>	(75,668)
Deferred income tax liability	<b>(3,586,288)</b>	(3,957,119)

**Income Tax Rates**

Income taxes differ from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 30% (2022 – 30%) to loss before income taxes as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Expected income tax	<b>(325,045)</b>	(812,404)
Permanent differences	<b>132,536</b>	709,420
Share acquisition	-	47,580
Taxable capital gain on loss of control of subsidiary	<b>(105,224)</b>	38,349
Other	<b>(10,873)</b>	64,294
	<b>(308,606)</b>	47,239

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**Non-Capital Losses**

The Company has non-capital losses at December 31, 2023 amounting to \$2,731,814 (December 31, 2022 - \$2,358,923) which are available to reduce future taxable income. These non-capital losses expire as follows:

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	\$
2034	330,657
2035	296,526
2036	300,424
2037	339,852
2038	303,487
2039	136,263
2040	91,634
2041	-
2042	561,375
2043	371,596
	<hr/> 2,731,814 <hr/>

The Company also has Canadian exploration expenses of \$4,776,320 which may be deducted in determining taxable income of future years.

**11. SHARE CAPITAL**

**Authorized:**

- Unlimited number of voting common shares
- Unlimited number of preferred shares, issuable in series

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**Issued and outstanding:**

	December 31, 2023		December 31, 2022	
	Number	Share Capital	Number	Share Capital
		\$		\$
Balance, beginning of year	116,254,265	24,659,813	110,967,765	23,149,820
Exercise of share warrants	12,550,000	1,255,000	4,736,500	1,210,949
Transfer to share capital on exercise of warrants	-	298,933	-	47,361
Exercise of options	25,000	2,500	450,000	82,500
Transfer to share capital on exercise of options	-	1,225	-	150,055
Issued pursuant to purchase of mineral licence	-	-	100,000	30,000
Share issuance cost, net of taxes	-	(10,873)	-	(10,872)
<b>Balance, end of year</b>	<b>128,829,265</b>	<b>26,206,598</b>	<b>116,254,265</b>	<b>24,659,813</b>

**Contributed surplus:**

A summary of contributed surplus is as follows:

	December 31 2023	December 31 2022
	\$	\$
Balance, beginning of year	3,949,212	3,237,906
Share-based compensation (Note 12)	-	861,361
Options exercised	(1,225)	(150,055)
Expiry of warrants	1,885,299	-
<b>Balance, end of year</b>	<b>5,833,286</b>	<b>3,949,212</b>

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**Warrants:**

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

	December 31, 2023		December 31, 2022	
	Number of Warrants	Weighted-Average Exercise Price	Number of Warrants	Weighted-Average Exercise Price
		\$		\$
Balance, beginning of year	32,233,000	0.22	36,969,500	0.22
Exercised	(12,550,000)	0.10	(4,736,500)	0.26
Expired	(19,153,000)	0.30	-	-
Balance, end of year	530,000	0.12	32,233,000	0.22

	December 31 2023	December 31 2022
	\$	\$
Balance, beginning of year	2,187,253	2,234,614
Transferred to share capital on exercise of warrants	(298,933)	(47,361)
Expiry of warrants	(1,885,299)	-
Balance, end of year	3,021	2,187,253

**12. SHARE-BASED COMPENSATION**

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 ten 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:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Number of Options</b>	<b>Weighted-Average Exercise Price</b>	<b>Number of Options</b>	<b>Weighted-Average Exercise Price</b>
		<b>\$</b>		<b>\$</b>
Outstanding, beginning of year	<b>9,000,000</b>	<b>0.16</b>	7,375,000	0.12
Granted	-	-	2,150,000	0.30
Exercised	<b>(25,000)</b>	<b>0.10</b>	(450,000)	0.18
Expired	<b>(1,600,000)</b>	<b>0.10</b>	(40,035)	0.30
Forfeited	-	-	(34,965)	0.30
Outstanding, end of year	<b>7,375,000</b>	<b>0.17</b>	9,000,000	0.16
Exercisable, end of year	<b>7,375,000</b>	<b>0.17</b>	9,000,000	0.16

The weighted average remaining contractual life of outstanding options is 3.48 years (December 31, 2022 – 3.73 years). The weighted average remaining contractual life of exercisable options is 3.48 years (December 31, 2022 – 3.73 years).

On January 10, 2022, the Company granted 1,800,000 stock options to directors with each option entitling the holder to purchase one common share at \$0.30 per share for a period of ten years. 900,000 options vested on the date of the grant and the remaining 900,000 options vested December 31, 2022. In addition, the Company granted 300,000 stock options to employees and advisory board members with each option entitling the holder to purchase one common share at \$0.30 per share for a period of five years. 150,000 options vested on the date of the grant and the remaining 150,000 options vested December 31, 2022. 40,035 of these options expired and 34,965 forfeited on May 5, 2022.

On July 12, 2022, the Company granted 50,000 stock options to an employee with each option entitling the holder to purchase one common share at \$0.35 per share for a period of five years. 50,000 options vested on November 1, 2022.

**Fair value assumptions:**

The weighted average fair value of stock options granted in the period ended December 31, 2023 was estimated to be \$nil (December 31, 2022 – \$0.3012) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

	<b>December 31 2023</b>	<b>December 31 2022</b>
Expected volatility (%)	-	155
Risk free interest rate (%)	-	1.11
Weighted-average expected life (years)	-	9.19
Dividend yield (%)	-	-

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**Share-based compensation expense:**

The Company recognized share-based compensation costs in the amount of \$nil in the year ended December 31, 2023 (December 31, 2022 - \$861,361). Share-based compensation in the amount of \$nil was expensed for the year ended December 31, 2023 (December 31, 2022 – \$843,927) and \$nil (December 31, 2022 – \$17,434) was capitalized to exploration and evaluation assets.

**13. GENERAL AND ADMINISTRATIVE EXPENSES**

	December 31 2023	December 31 2022
	\$	\$
Salaries and benefits and cost recoveries	261,263	253,158
Office and administrative	79,906	69,485
Marketing and communications	61	1,000
Investor relations	6,500	78,000
Management and sub-contractor fees	82,503	-
Transfer agent and professional fees	125,012	175,101
Conferences, travel, and accommodation	2,288	2,235
	<b>557,533</b>	<b>578,979</b>

**14. RELATED PARTY TRANSACTIONS**

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

	December 31 2023	December 31 2022
	\$	\$
Management fees, salaries and benefits for key management personnel:		
General and administrative	272,034	310,382
Capitalized as exploration and evaluation assets	11,330	10,822
Share-based compensation for key management personnel:		
General and administrative	-	843,927
Capitalized as exploration and evaluation assets	-	17,434
	<b>283,364</b>	<b>1,182,565</b>
Rent paid to a corporation which is controlled by the President of the Company	<b>24,000</b>	<b>24,000</b>

## **15. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard its accumulated capital in order to maintain its ability to continue as a going concern, to fund its exploration activities and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of capital and equity comprised of share capital, contributed surplus, and deficit.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its exploration and evaluation assets for cash and/or expenditure commitments from optionees and enter into joint venture arrangements or dispose of its exploration and evaluation assets.

The Company is not subject to externally imposed capital requirements.

## **16. FINANCIAL INSTRUMENTS**

### **Fair Values:**

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities;

Level 2 – valuation techniques based on inputs that are quoted process of similar instruments in active markets; inputs other than quoted process used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 – valuation techniques with significant unobservable market inputs.

The carrying amount of cash and cash equivalents, guaranteed investment certificate, accounts receivable and accounts payable and accrued liabilities, approximate their fair value due to their short-term nature.

The recognized investments (Note 5) and the fair value of the Atlas Salt shares disclosed in Note 6 are Level 1 measurements.

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**Financial Risk Management:**

The Company has exposure to credit risk, liquidity risk, market risk and commodity price risk. The source of risk exposure and how each is managed is outlined below:

*Credit Risk:*

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

*Liquidity Risk:*

The Company's approach to managing liquidity risk is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through debt or equity transactions. The Company manages its liquidity risk by continuously monitoring forecast and actual cash flow from operations. These funds are unrestricted and are intended to be used as working capital and to increase the Company's ability to fund future exploration projects. As of December 31, 2023 the Company had a cash balance of \$4,453,493 (December 31, 2022 - \$6,148,762), guaranteed investment certificate balance of \$2,013,485 (December 31, 2022 - \$nil) and a positive working capital of \$6,364,234 (December 31, 2022 - \$6,145,526).

Accounts payable and accrued liabilities at December 31, 2023 is \$166,617 (December 31, 2022 - \$137,981).

*Market Risk:*

Market risk relates to changes in economic conditions, changes in market prices, interest rates, foreign exchange rates, and commodity prices which will affect the Company's net loss or the value of its financial instruments.

*Commodity Price Risk:*

The value of the Company's exploration and evaluation assets is partially related to the market price of metals and minerals. The Company does not hedge this exposure to fluctuations in commodity prices. The Company's ability to continue with its exploration programs is also indirectly subject to commodity prices.

**17. CONTINGENCIES**

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

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way of name change) regarding an alleged breach of an agreement between those parties. GSI has submitted a Statement of Claim and the Company has filed a Statement of Defence. The Company believes the claims against it are without basis or merit and no amounts have been recorded in the Company's accounts related to this claim. The Company is fully defending its interest.

## **18. SUBSEQUENT EVENTS**

### **Share Position**

Subsequent to December 31, 2023, warrants exercised, options granted and exercised and the shares outstanding were as follows:

Outstanding Shares as of April 24, 2024:	129,309,265
Warrants Exercised:	480,000
Warrants Expired:	50,000
Options Expired:	125,000

### **Loan Repayment**

The CEBA loan was repaid in January 2024 to receive the \$10,000 forgivable portion of the loan.

# CORPORATE INFORMATION

## OFFICERS AND MANAGEMENT

Patrick J. Laracy  
CEO, 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

DLA Piper, Calgary, AB  
Cox & Palmer, St. John’s, NL

## REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of  
Canada

## AUDITORS

MNP LLP

## BANKERS

Scotiabank

## ADDITIONAL INFORMATION

Please contact, Patrick J. Laracy  
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