



**Interim Condensed Consolidated Financial Statements**  
For the Three Months Ended March 31, 2016 and 2015  
(Unaudited)

**VULCAN MINERALS INC.**  
March 31, 2016 and 2015

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## **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, “Continuous Disclosure Obligations”, part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation’s external auditors have not performed a review of these financial statements.

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

(in Canadian dollars)	March 31 2016	December 31 2015
	\$	\$
<b>Assets</b>		
Current assets		
Cash	1,969,533	2,183,306
Accounts receivable	16,258	17,890
Prepaid expenses	8,318	20,444
Deposits	-	9,000
Inventory	76,224	76,224
	<b>2,070,333</b>	<b>2,306,864</b>
Deposits	286,000	286,000
Investments	8,000	16,650
Exploration and evaluation assets (Note 4)	3,323,766	3,289,521
Equipment	56,732	61,286
<b>Total Assets</b>	<b>5,744,831</b>	<b>5,960,321</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	68,849	117,752
Flow through premium liability	2,500	2,500
	<b>71,349</b>	<b>120,252</b>
<b>Equity</b>		
Shareholders' equity	5,217,494	5,365,754
Non-controlling interest	455,988	474,315
	<b>5,673,482</b>	<b>5,840,069</b>
<b>Total Liabilities and Equity</b>	<b>5,744,831</b>	<b>5,960,321</b>
Nature of operations (Note 1)		
Contingencies (Note 8)		
Approved on Behalf of the Board of Directors		
Patrick J. Laracy	Director	
Rex Gibbons	Director	

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)	2016	2015
	\$	\$
<b>Income (Expenses )</b>		
Interest income	2,919	5,846
General and administrative (Notes 6 and 7)	(158,843)	(218,648)
Share-based compensation	(33,843)	(4,936)
Depreciation	(4,554)	(6,044)
<b>Net loss</b>	<b>(194,321)</b>	<b>(223,782)</b>
Net loss attributable to:		
Common shareholders	(175,994)	(199,997)
Non-controlling interest	(18,327)	(23,785)
	<b>(194,321)</b>	<b>(223,782)</b>
<b>Net loss per share - basic and diluted</b>	<b>(0.003)</b>	<b>(0.003)</b>
Weighted-average number of common shares outstanding - basic and diluted	58,526,129	58,526,129

**Condensed Consolidated Statements of Comprehensive Loss**  
**Three Months Ended March 31**

(in Canadian dollars)	2016	2015
	\$	\$
<b>Net loss</b>	<b>(194,321)</b>	<b>(223,782)</b>
Other comprehensive loss:		
Change in unrealized loss on available-for-sale financial assets (net of tax)	(8,649)	(90,989)
	<b>(8,649)</b>	<b>(90,989)</b>
<b>Comprehensive loss</b>	<b>(202,970)</b>	<b>(314,771)</b>
Comprehensive loss attributable to:		
Common shareholders	(184,643)	(290,986)
Non-controlling interest	(18,327)	(23,785)
	<b>(202,970)</b>	<b>(314,771)</b>

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2014	19,103,640	2,802,432	103,288	(14,827,511)	7,181,849	467,561	7,649,410
Net loss and comprehensive loss							
January 1, 2015 - March 31, 2015	-	-	(90,989)	(199,997)	(290,986)	(23,785)	(314,771)
Share-based compensation	-	4,936	-	-	4,936	-	4,936
Balance March 31, 2015	19,103,640	2,807,368	12,299	(15,027,508)	6,895,799	443,776	7,339,575
Net loss and comprehensive loss							
April 1, 2015 - December 31, 2015	-	-	(12,299)	(1,502,471)	(1,514,770)	(35,043)	(1,549,813)
Share issuance costs	(2,221)	-	-	-	(2,221)	-	(2,221)
Share-based compensation	-	28	-	-	28	-	28
Transfer to non-controlling interest on acquisition of shares in subsidiary	-	(13,082)	-	-	(13,082)	13,082	-
Issuance of shares by subsidiary to non-controlling interest	-	-	-	-	-	52,500	52,500
Balance December 31, 2015	19,101,419	2,794,314	-	(16,529,979)	5,365,754	474,315	5,840,069
Net loss and comprehensive loss							
January 1, 2016 - March 31, 2016	-	-	(8,649)	(175,994)	(184,643)	(18,327)	(202,970)
Share-based compensation	-	36,383	-	-	36,383	-	36,383
Balance, March 31, 2016	19,101,419	2,830,697	(8,649)	(16,705,973)	5,217,494	455,988	5,673,482

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)	<b>2016</b>	2015
	\$	\$
<b>Operating Activities</b>		
Interest receipts	2,919	5,846
Operating payments	<b>(171,951)</b>	(199,316)
	<b>(169,032)</b>	(193,470)
<b>Investing Activities</b>		
Exploration and evaluation assets	<b>(31,705)</b>	13,938
Change in accounts payable-exploration and evaluation assets	<b>(27,489)</b>	-
Change in accounts receivable- exploration and evaluation assets	<b>5,453</b>	-
Refund of security deposit	<b>9,000</b>	-
Government grant receivable	-	(15,000)
	<b>(44,741)</b>	(1,062)
Cash (outflow)	<b>(213,773)</b>	(194,532)
Cash, beginning of period	<b>2,183,306</b>	2,747,212
<b>Cash, end of period</b>	<b>1,969,533</b>	2,552,680
Cash is comprised of:		
Deposits with bank	<b>1,969,533</b>	2,552,680
	<b>1,969,533</b>	2,552,680

See accompanying notes to the consolidated financial statements

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2016 and 2015

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Vulcan Minerals Inc. is engaged in the evaluation, acquisition and exploration of mineral and petroleum and natural gas properties in Newfoundland and Labrador. The Company plans to ultimately develop the properties as joint ventures, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain reserves that are economically recoverable and the Company is considered to be in the exploration stage.

The Company is a publicly traded company, incorporated under the laws of the Province of Alberta, Canada. Its registered address is 333 Duckworth Street, St. John's, NL A1C 1G9.

### 2. BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies used in preparing these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015.

These consolidated financial statements have been prepared on an historical cost basis, except for investments which are measured at fair value.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 27, 2016.

#### *Basis of consolidation*

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The Company's subsidiaries include Red Moon Potash Inc. in which the Company has a 66.6% interest and a wholly owned inactive subsidiary. Control is achieved by having each of: power over the investee via existing rights that give the company the current ability to direct the relevant activities of the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability for the company to use its power over the investee to affect the amount of the company's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of Red Moon Potash Inc. are identified separately from the Company's equity. The non-controlling interest consists of the non-controlling interest's portion of net assets, income (loss), and other comprehensive income (loss).

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

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### 3. NEW AND AMENDED ACCOUNTING STANDARDS

#### New and amended standards adopted by the Company

The following standards have been adopted by the Company for the period beginning on January 1, 2016:

IAS 16, “*Property, plant and equipment*” and IAS 38 “*Intangible assets*” were amended to clarify acceptable methods of depreciation and amortization. The amendments are effective for fiscal years beginning on or after January 1, 2016.

IFRS 11, “*Joint arrangements*” was amended to provide additional guidance on accounting for the acquisition of an interest in a joint operation. The amendment is effective for fiscal years beginning on or after January 1, 2016.

#### Standards and amendments not yet effective and not yet applied

IFRS 9, “*Financial instruments*” (“IFRS 9”) introduces new requirements for the classification and measurement of financial assets. IFRS 9 required all recognized financial assets that are within the scope of IAS 39 Financial Instruments- Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity’s own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted.

**VULCAN MINERALS INC.**  
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**3. NEW AND AMENED ACCOUNTING STANDARDS (continued)**

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

IAS 12, "Income Taxes" ("IAS 12") was amended to provide guidance on the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

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

**4. EXPLORATION AND EVALUATION ASSETS**

The Company has 18 mineral licenses (December 31, 2015-13) which consist of 1,160 claims (December 31, 2015 – 1,042 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licenses are in the exploration and evaluation stage. The Company holds a database of geological and geophysical data at March 31, 2016 and December 31, 2015. A summary of the exploration and evaluation assets is as follows:

	March 31, 2016			December 31, 2015		
	Balance, Beginning of Period	Additions (Writedowns/ Dispositions)	Balance, End of Period	Balance, Beginning of Year	Additions (Dispositions, net)	Balance, End of Year
	\$	\$	\$	\$	\$	\$
<b>Mineral properties</b>						
Property acquisition costs	95,615	7,345	102,960	66,750	28,865	95,615
Exploration costs	1,354,187	26,900	1,381,087	1,310,664	43,523	1,354,187
<b>Geological and geophysical data</b>	1,839,719	-	1,839,719	2,836,450	(996,731)	1,839,719
	<b>3,289,521</b>	<b>34,245</b>	<b>3,323,766</b>	4,213,864	(924,343)	3,289,521

Additions to mineral exploration costs in 2016 includes share-based compensation of \$2,540 (2015-\$-nil) (Note 5). Additions to mineral exploration and evaluation assets in 2015 have been reduced by a government grant of \$15,000.

**VULCAN MINERALS INC.**  
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**March 31, 2016 and 2015**

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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

The Company holds a database of geological and geophysical data. In 2015 the Company regrouped certain of its mineral licenses at license renewal dates, and as result, surrendered a portion of the lands associated with the licenses. The Company recorded a write-down to the geological and geophysical data in 2015 in the amount of \$996,731 which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data.

**5. SHARE-BASED COMPENSATION**

The Company and one of its subsidiaries has a stock option plan under which directors, officers, management, consultants and employees of the Company and its subsidiaries are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The maximum number of common shares optioned to any one optionee shall not exceed 5% of outstanding common shares of the Company. Options granted under the plan generally have a term of five years but may not exceed five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option is determined by the directors at the time of grant but shall not be less than the price permitted by the policy or policies of the stock exchange(s) on which the Company's common shares are then listed.

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

	<b>March 31, 2016</b>		<b>December 31, 2015</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 period	<b>3,450,000</b>	<b>0.10</b>	4,603,345	0.17
Granted	<b>3,600,000</b>	<b>0.10</b>	-	-
Expired	-	-	(978,345)	0.44
Forfeited	-	-	(175,000)	0.10
Outstanding, end of period	<b>7,050,000</b>	<b>0.10</b>	3,450,000	0.10
<b>Exercisable, end of period</b>	<b>5,250,000</b>	<b>0.10</b>	3,450,000	0.10

The weighted average remaining contractual life of outstanding options is 2.29 years (December 31, 2015 – 2.09 years). The weighted average remaining contractual life of exercisable options is 2.14 years (December 31, 2015 – 2.09 years).

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2016 and 2015

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### 5. SHARE-BASED COMPENSATION (continued)

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

	2016	2015
Expected volatility (%)	197	-
Risk free interest rate (%)	0.69	-
Weighted-average expected life (years)	5.0	-
Dividend yield (%)	0	-

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The Company recognized share-based compensation in the amount of \$36,383 in the three months ended March 31, 2016 (\$4,936- three months ended March 31, 2015). Share-based compensation in the amount of \$33,843 was expensed for the three months ended March 31, 2016 ( \$4,936- three months ended March 31, 2015) and \$2,540 (March 31, 2015- \$nil) was capitalized to mineral exploration and evaluation assets.

### 6. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	\$	\$
Office and administrative	28,805	35,385
Management, salaries and contract fees and benefits	83,546	93,391
Directors' fees	16,250	16,250
Transfer agent and professional fees	26,239	67,263
Conferences, travel and accommodation	4,003	6,359
	158,843	218,648

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# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2016 and 2015

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### 7. RELATED PARTY TRANSACTIONS

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

	2016	2015
	\$	\$
Management fees, salaries and benefits for key management personnel		
General and administrative expense	61,588	63,886
Capitalized as mineral exploration and evaluation assets	2,818	-
Share-based compensation		
General and administrative expense	32,243	4,714
Capitalized as mineral exploration and evaluation assets	2,540	-
Directors' fees	16,250	16,250
	<b>115,439</b>	<b>84,850</b>

	2016	2015
	\$	\$
Rent paid to a corporation which is controlled by the President of the Company	11,250	11,250

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

March 31, 2016 and 2015

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### 8. CONTINGENCIES

- a) In 2011, the Company was served with a statement of claim by Geophysical Service Incorporated wherein it is claimed that the Company, as a co-defendant with Investcan Energy Corporation, has committed a copyright infringement. The claim relates to an allegation that accessing offshore Labrador seismic data, which is released to the public by the Canada Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) after the relevant statutory privilege-confidentiality period, is a breach of copyright. The Company is of the opinion that this claim is without basis or merit and no amounts have been recorded in the Company's accounts related to this claim. The Company is fully defending its interests.
  
- b) The Court in Alberta has granted leave to Geophysical Service Incorporated (GSI) to add the Company as a co-defendant in the ongoing action GSI has with NWest Energy Corp. regarding an alleged breach of an agreement between those parties. GSI has submitted a Statement of Claim and the Company has filed a Statement of Defence. The Company believes the claims against it are without basis or merit and no amounts have been recorded in the Company's accounts related to this claim. The Company is fully defending its interest.

# CORPORATE INFORMATION

## OFFICERS AND MANAGEMENT

Patrick J. Laracy  
President and Chairman

Sharon M. Dunn  
Chief Financial Officer and Corporate  
Secretary

## BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Philip E. Collins

William Koenig

## EXCHANGE LISTING

TSX Venture – “VUL”

## LEGAL COUNSEL

Morris McManus, Calgary, AB  
Cox & Palmer, St. John’s, NL

## REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

## AUDITORS

PricewaterhouseCoopers LLP

## BANKERS

Scotiabank

## ADDITIONAL INFORMATION

Please contact, Patrick J. Laracy  
Tel: (709) 754-3186  
e-mail: [info@vulcanminerals.ca](mailto: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](http://www.vulcanminerals.ca)