



Interim Condensed Consolidated Financial Statements
For the Three Months and Six Months Ended
June 30, 2017 and 2016
(Unaudited)

VULCAN MINERALS INC.

June 30, 2017 and 2016

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Notice of No Auditor Review of Interim Financial Statements

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

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

(in Canadian dollars)	June 30 2017	December 31 2016
	\$	\$
Assets		
Current assets		
Cash	810,955	1,254,492
Accounts receivable	19,422	35,400
Government grants receivable		32,630
Prepaid expenses	5,109	16,082
Deposits	43,250	42,250
Inventory	76,224	76,224
	954,960	1,457,078
Loan Receivable	29,157	
Deposits	286,000	286,000
Investments	90,956	14,072
Exploration and evaluation assets (Note 4)	2,425,860	3,379,935
Equipment	38,861	45,625
Total Assets	3,825,794	5,182,710
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	19,381	101,786
	19,381	101,786
Equity		
Shareholders' equity	3,393,728	4,653,617
Non-controlling interest	412,685	427,307
	3,806,414	5,080,924
Total Liabilities and Equity	3,825,794	5,182,710
Nature of operations (Note 1)		
Contingencies (Note 9)		
Approved on Behalf of the Board of Directors		
Patrick J. Laracy	Director	
Rex Gibbons	Director	

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Income (Expenses)				
Interest income	922	2,663	2,468	5,582
Write-off- exploration and evaluation assets	(1,000,635)	(127,460)	(1,013,381)	(127,460)
General and administrative	(173,649)	(148,825)	(338,875)	(307,668)
Stock-based compensation	(4,962)	(4,415)	(9,978)	(38,258)
Depreciation	(3,426)	(4,555)	(6,764)	(9,109)
Net loss	(1,181,751)	(282,592)	(1,366,530)	(476,913)
Net loss attributable to:				
Common shareholders	(1,175,490)	(273,954)	(1,351,908)	(449,948)
Non-controlling interest	(6,260)	(8,638)	(14,622)	(26,965)
	(1,181,751)	(282,592)	(1,366,530)	(476,913)
Net loss per share - basic and diluted	\$ (0.020)	\$ (0.005)	\$ (0.023)	\$ (0.008)
Weighted-average number of common shares outstanding - basic and diluted	58,526,129	58,526,129	58,526,129	58,526,129

Condensed Consolidated Statements of Comprehensive Loss (unaudited)

(in Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net loss	(1,181,751)	282,592	(1,366,530)	(476,913)
Other comprehensive income (loss):				
Change in unrealized gain on available-for-sale financial assets, (net of tax)	(33,741)	9,584	76,874	935
Comprehensive income (loss)	(1,215,492)	273,008	(1,289,656)	(475,978)
Comprehensive income (loss) attributable to:				
Common shareholders	(1,209,231)	(264,370)	(1,275,034)	(449,013)
Non-controlling interest	(6,260)	(8,638)	(14,622)	(26,965)
	(1,215,492)	(273,008)	(1,289,656)	(475,978)

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	Warrants	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2015	19,101,419	2,794,314	-		(16,529,979)	5,365,754	474,315	5,840,069
Net loss and comprehensive loss								
January 1, 2016 - June 30, 2016	-	-	-	935	(449,948)	(449,013)	(26,965)	(475,978)
Share-based compensation	-	41,098	-		-	41,098	-	41,098
Balance June 30, 2016	19,101,419	2,835,412	-	935	(16,979,927)	4,957,839	447,350	5,405,189
Net loss and comprehensive loss								
July 1, 2016 - December 31, 2016				(3,381)	(312,226)	(315,607)	(20,043)	(335,650)
Share-based compensation		11,385				11,385		11,385
Balance December 31, 2016	19,101,419	2,846,797	-	2,446	(17,292,153)	4,653,617	427,307	5,080,924
Net loss and comprehensive loss								
January 1, 2017 - June 30, 2017	-	-	-	76,874	(1,351,908)	(1,275,034)		(1,275,034)
Share-based compensation	-	15,145	-	-	-	15,145	(14,622)	523
Balance, June 30, 2017	19,101,419	2,861,942	-	74,428	18,644,061	3,393,728	412,685	3,806,414

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
Six Months Ended June 30

(in Canadian dollars)	2017	2016
	\$	\$
Operating Activities		
Net Loss	(1,366,530)	(326,361)
Adjustment for non cash items:		
Interest receipts		5,582
Write-off exploration and evaluation assets	1,013,381	
Share-based compensation	9,978	
Depreciation	6,764	
	(336,407)	(320,779)
Changes in non-cash working capital		
Accounts receivable	(3,154)	-
Prepaid expenses	10,973	
Accounts payable and accrued liabilities	(84,717)	
	(413,305)	-
Investing Activities		
Exploration and evaluation assets	(54,139)	(45,658)
Net increase in deposits-exploration and evaluation assets	(1,000)	9,000
Change in accounts payable- exploration and evaluation assets	2,311	(31,619)
Change in accounts recievable- exploration and evaluation assets	19,132	6,307
Change in Government grant receivable	32,630	
Loan Receivable	(29,157)	
Acquisition of investments	(10)	-
	(30,233)	(61,970)
Net Change in Cash	(443,537)	(382,749)
Cash, beginning of period	1,254,492	2,183,306
Cash and cash equivalents, end of period	810,955	1,800,557
Cash and cash equivalents are comprised of:		
Deposits with bank	810,955	1,800,557

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2017 and 2016

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

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

2. BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies used in preparing these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2016.

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 24, 2017.

Basis of consolidation

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

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

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
June 30, 2017 and 2016

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standard adopted by the Company

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

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

Standards and amendments not yet effective and not yet applied

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

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

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

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

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

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4. EXPLORATION AND EVALUATION ASSETS

The Company has 32 mineral licenses (December 31, 2016- 34) which consist of 1,477 claims (December 31, 2016 – 1,817 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licenses are in the exploration and evaluation stage. The Company holds a database of geological and geophysical data at June 30, 2017 and December 31, 2016. A summary of the exploration and evaluation assets is as follows:

	June 30, 2017			December 31, 2016		
	Balance, Beginning of Period	Additions (Writedowns/ Dispositions)	Balance, End of Period	Balance, Beginning of Year	Additions (Dispositions, net)	Balance, End of Year
	\$	\$	\$	\$	\$	\$
Mineral properties						
Property acquisition costs	133,930	(4,200)	129,730	95,615	38,315	133,930
Exploration costs	1,533,746	57,056	1,590,802	1,354,187	179,559	1,533,746
Geological and geophysical data	1,712,259	(1,006,931)	705,328	1,839,719	(127,460)	1,712,259
	3,379,935	(954,075)	2,425,860	3,289,521	90,414	3,379,935

Property acquisition costs in 2017 have decreased by \$3,200 due to a reduction in mineral licences and their associated security deposits.

Additions to mineral exploration costs in 2017 includes share-based compensation of \$5,111 (2016- \$2,840). Additions to mineral exploration and evaluation assets in 2017 have been reduced by government grants of \$20,758 (December 31, 2016- \$39,852).

The Company holds a database of geological and geophysical data. In 2017 and 2016 the Company regrouped certain of its mineral licenses at license renewal dates, and as result, surrendered a portion of the lands associated with the licenses. The Company recorded a write-down to the geological and geophysical data in 2017 in the amount of \$1,006,913 (December 31, 2016- \$127,460) which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data.

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5. INVESTMENTS

	2017	2016
Investments	90,956	14,072

Investments, classified as available for sale, consist of:

Shares in a public company received as consideration for option payments on mineral claims with a cost of \$123,600. At June 30, 2017, the market value of the shares is \$22,166 (December 31, 2016 - \$8,168). In years prior to 2016, an unrealized loss of \$118,933 was removed from other comprehensive loss and recorded in the statement of loss.

Shares in a public company in which the Company transferred its interest in an offshore exploration licence with a cost of \$497,223. At June 30, 2017, the market value of the shares is \$62,875 (December 31, 2016- \$nil -trading had temporarily ceased). In years prior to 2016, unrealized losses of \$488,239 were removed from other comprehensive loss and recorded in the statement of loss.

Shares in a public company received as consideration for option payments on mineral claims with a cost of \$91,512. At June 30, 2017, the market value of the shares is \$5,904 (December 31, 2016 – \$5,904). In years prior to 2016, unrealized losses of \$90,000 were removed from other comprehensive loss and recorded in the statement of loss.

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

6. SHARE-BASED COMPENSATION

a) Stock options

The Company and one of its subsidiaries- Red Moon Resources Inc 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.

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6. SHARE-BASED COMPENSATION (continued)

b) Stock Options- Vulcan Minerals Inc.

A summary of the status of the Company Vulcan Minerals Inc. stock option plans is as follows:

	June 30 2017		December 31 2016	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
		\$		\$
Outstanding, beginning of period	3,800,000	0.10	1,700,000	0.10
Granted	100,000	0.10	2,100,000	0.10
Cancelled		0.10	-	-
Forfeited		0.10	-	-
Outstanding, end of period	3,900,000	0.10	3,800,000	0.10
Exercisable, end of period	2,800,000	0.10	2,750,000	0.10

The weighted average remaining contractual life of outstanding options is 2.35 years (December 31, 2016 – 2.79 years). The weighted average remaining contractual life of exercisable options is 1.83 years (December 31, 2016 – 2.27 years).

c) Fair value assumptions- Vulcan Minerals Inc.

The weighted average fair value of stock options granted in the six months ended June 30, 2017 was estimated on the date of the grant to be \$ 0.054 (June 30, 2016- \$0.019) using the Black- Scholes fair value option pricing model and the following weighted average assumptions:

	2017	2016
Expected volatility (%)	157	140
Risk free interest rate (%)	1.18	0.67
Weighted-average expected life (years)	5.0	5.0
Dividend yield (%)	0	0

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2017 and 2016

6. SHARE-BASED COMPENSATION (continued)

d) Stock Options- Red Moon Resources Inc.

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

	June 30, 2017		December 31, 2016	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
Outstanding, beginning of period	3,350,000	0.10	1,750,000	0.10
Granted	-	-	1,600,000	0.10
Forfeited	(100,000)	0.10	-	-
Cancelled	(100,000)	0.10	-	-
Outstanding, end of period	3,150,000	0.10	3,350,000	0.10
Outstanding and exercisable, end of period	2,450,000	0.10	2,550,000	0.10

e) Fair value assumptions- Red Moon Resources Inc.

The weighted average remaining contractual life of outstanding options is 1.98 years (December 31, 2016 – 2.57 years). The weighted average remaining contractual life of exercisable options is 1.48 years (December 31, 2016- 2.07 years).

The weighted average fair value of stock options granted in the six months ended June 30, 2016 was estimated on the date of the grant to be \$0.025 using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

	2017	2016
Expected volatility (%)	-	270
Risk free interest rate (%)	-	0.73
Weighted-average expected life (years)	-	5.0
Dividend yield (%)	-	0

VULCAN MINERALS INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2017 and 2016

The Company recognized share-based compensation in the amount of \$15,145 in the six months ended June 30, 2017 (\$41,098- six months ended June 30, 2016). Share-based compensation in the amount of \$9,978 was expensed for the six months ended June 30, 2017 (\$38,258- six months ended June 30, 2017) and \$5,167 (June 30, 2016- \$2,840) was capitalized to mineral exploration and evaluation assets.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months Ended June 30, 2016
	\$	\$	\$	\$
Management, salaries, contract fees and benefits	95,213	88,161	182,208	171,707
Office and administrative	39,435	25,066	72,682	53,871
Directors' fees	10,000	16,250	20,000	32,500
Transfer agent and professional fees	10,763	15,730	25,342	41,969
Conferences, travel and accommodation	18,239	3,618	38,642	7,621
	173,649	148,825	338,875	307,668
Expenses attributable to subsidiary, Red Moon Resources Inc.	10,914	25,874	34,576	60,723
Expenses attributable to parent, Vulcan Minerals Inc.	162,735	122,951	304,299	246,945
Total	173,649	148,825	338,875	307,668

8. RELATED PARTY TRANSACTIONS

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

VULCAN MINERALS INC.
Notes to the Condensed Consolidated Financial Statements
(Unaudited)
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8. RELATED PARTY TRANSACTIONS (continued)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	\$	\$	\$	\$
Management fees, salaries and benefits for key management personnel	55,595	61,648	113,249	123,236
General and administrative expense				
Capitalized as mineral exploration and evaluation assets	2,593	746	5,154	3,564
Share-based compensation				
General and administrative expense	1,399	4,215	4,568	36,458
Capitalized as mineral exploration and evaluation assets	1,049	300	2,125	2,840
Directors' fees	10,000	16,250	20,000	32,500
	70,636	83,159	145,095	198,598

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
	\$	\$	\$	\$
Rent paid to a corporation which is controlled by the President of the Company	9,000	11,250	18,000	22,500

9. CONTINGENCIES

- a) In 2011, the Company was served with a statement of claim by Geophysical Service Incorporated (GSI) wherein it is claimed that the Company, as a co-defendant with Investcan Energy Corporation, has committed a copyright infringement. The claim relates to an allegation that accessing offshore Labrador seismic data, which is released to the public by the Canada Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) after the relevant statutory privilege-confidentiality period, is a breach of copyright. The Company 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 including participating in an Alberta "common issues" trial with multiple defendants from other cases which raise the same legal issues with GSI. The common legal issues pertain to whether certain GSI seismic data is

VULCAN MINERALS INC.

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subject to copyright law and if so whether the regulatory regime which prescribes for the release of that data by the regulatory bodies, including the CNLOPB, is valid and not an unlawful infringement on any copyright protection. The Alberta Court of Queen's Bench and the Alberta Court of Appeal have both upheld the validity of the regulatory regime as a full answer to any allegation of unlawful disclosure and copyright infringement by the multiple defendants. Therefore the CNLOPB was within its rights to release the seismic data pursuant to its regulatory regime and the Company was within its rights to access the data. GSI has sought permission to appeal the decision of the Alberta Court of Appeal to the Supreme Court of Canada, which permission is not guaranteed.

- b) The Company has been added as a co-defendant in an ongoing legal action Geophysical Service Incorporated (GSI) has with NWest Energy Corp. (now Ceylon Graphite Corp. by way of name change) regarding an alleged breach of an agreement between those parties. GSI has submitted a Statement of Claim and the Company has filed a Statement of Defence. The Company believes the claims against it are without basis or merit and no amounts have been recorded in the Company's accounts related to this claim. The Company is fully defending its interest.

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Jennifer Button
Chief Financial Officer and Corporate
Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Philip E. Collins

William Koenig

EXCHANGE LISTING

TSX Venture – “VUL”

LEGAL COUNSEL

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

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

AUDITORS

PricewaterhouseCoopers LLP

BANKERS

Scotiabank

ADDITIONAL INFORMATION

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