



**Interim Condensed Consolidated Financial Statements**  
For the Three Months and Six Months Ended  
June 30, 2018 and 2017  
(Unaudited)

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

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

**VULCAN MINERALS INC.**  
June 30, 2018 and 2017

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**VULCAN MINERALS INC.**  
**Condensed Consolidated Balance Sheets**  
**As at**

(in Canadian dollars)	<b>June 30</b> <b>2018</b>	December 31 2017
	\$	\$
<b>Assets</b>		
Current assets		
Cash	251,464	355,726
Accounts receivable	15,214	11,157
Government grants receivable	-	18,000
Prepaid expenses	4,700	14,250
Deposits	34,650	330,650
Inventory	60,224	60,224
	<b>366,252</b>	<b>790,007</b>
Due from related company (Note 5)	63,000	62,990
Investments (Note 5)	4,881	23,843
Exploration and evaluation assets (Note 4)	2,250,688	2,581,553
Capital assets	34,782	36,738
	<b>2,719,603</b>	<b>3,495,131</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	24,861	80,442
	<b>24,861</b>	<b>80,442</b>
Deferred option payments (Note 6)	10,000	-
	<b>34,861</b>	<b>80,442</b>
<b>Equity (Note 10)</b>		
Shareholders' equity	2,093,969	2,782,485
Non-controlling interest	590,774	632,204
	<b>2,684,742</b>	<b>3,414,689</b>
	<b>2,719,603</b>	<b>3,495,131</b>

Nature of operations and going concern (Note 1)

Contingencies (Note 11)

Approved on Behalf of the Board of Directors

Patrick J. Laracy \_\_\_\_\_ Director

William Koenig \_\_\_\_\_ Director

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Income (Expenses )</b>				
Interest income	286	922	587	2,468
Write-off- exploration and evaluation assets	(365,584)	(1,000,635)	(416,868)	(1,013,381)
General and administrative	(160,699)	(173,649)	(333,567)	(338,875)
Stock-based compensation	(163,083)	(4,962)	(164,024)	(9,978)
Depreciation	(2,723)	(3,426)	(5,447)	(6,764)
<b>Net loss</b>	<b>(691,804)</b>	<b>(1,181,751)</b>	<b>(919,319)</b>	<b>(1,366,530)</b>
Net loss attributable to:				
Common shareholders	(656,321)	(1,175,490)	(877,889)	(1,351,908)
Non-controlling interest	(35,483)	(6,260)	(41,430)	(14,622)
	<b>(691,804)</b>	<b>(1,181,751)</b>	<b>(919,319)</b>	<b>(1,366,530)</b>
Net loss per share - basic and diluted	\$ (0.011)	\$ (0.020)	\$ (0.015)	\$ (0.023)
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 30,		Six Months Ended 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Net loss</b>	<b>(691,804)</b>	<b>(1,181,751)</b>	<b>(919,319)</b>	<b>(1,366,530)</b>
Other comprehensive income (loss):				
Change in unrealized gain on FVOCI financial assets, (net of tax)	(1,035)	(33,741)	18,371	76,874
<b>Comprehensive income ( loss)</b>	<b>(692,839)</b>	<b>(1,215,492)</b>	<b>(900,948)</b>	<b>(1,289,656)</b>
Comprehensive income (loss) attributable to:				
Common shareholders	(657,356)	(1,209,231)	(859,518)	(1,275,034)
Non-controlling interest	(35,483)	(6,260)	(41,430)	(14,622)
	<b>(692,839)</b>	<b>(1,215,492)</b>	<b>(900,948)</b>	<b>(1,289,656)</b>

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

(in Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
	Note 10	Note 10	Note 10	Note 10	Note 10	Note 10	
<b>Balance, December 31, 2016</b>	<b>19,101,419</b>	<b>2,675,830</b>	<b>(2,446)</b>	<b>(17,354,601)</b>	<b>4,420,202</b>	<b>660,722</b>	<b>5,080,924</b>
Net loss and comprehensive loss							
January 1, 2017 - June 30, 2017	-	-	76,874	(1,351,908)	(1,275,034)	(14,622)	(1,289,656)
Share-based compensation in parent	-	10,252	-	-	10,252	-	10,252
Equity transactions of subsidiary	-	-	-	-	-	-	-
Share-based compensation in subsidiary	-	-	-	4,893	4,893	2,447	7,340
<b>Balance, June 30, 2017</b>	<b>19,101,419</b>	<b>2,686,082</b>	<b>74,428</b>	<b>(18,701,616)</b>	<b>3,160,313</b>	<b>648,547</b>	<b>3,808,860</b>
Net loss and comprehensive loss							
July 1, 2017 - December 31, 2017	-	-	(58,130)	(328,593)	(386,723)	(16,908)	(403,631)
Share-based compensation in parent	-	7,765	-	-	7,765	-	7,765
Equity transactions of subsidiary	-	-	-	(500)	(500)	(250)	(750)
Share-based compensation in subsidiary	-	-	-	1,630	1,630	815	2,445
<b>Balance, December 31, 2017</b>	<b>19,101,419</b>	<b>2,693,847</b>	<b>16,298</b>	<b>19,029,079</b>	<b>2,782,485</b>	<b>632,204</b>	<b>3,414,689</b>
Net loss and comprehensive loss							
January 1, 2018 - June 30, 2018	-	-	18,371	(877,889)	(859,518)	(41,430)	(900,948)
Share-based compensation in parent	-	81,527	-	-	81,527	-	81,527
Equity transactions of subsidiary	-	-	-	-	-	-	-
Share-based compensation in subsidiary	-	83,481	-	-	83,481	-	83,481
Sale of Shares in Red Moon Resources Inc.	5,994	-	-	-	5,994	-	5,994
<b>Balance, June 30, 2018</b>	<b>19,107,413</b>	<b>2,858,855</b>	<b>34,669</b>	<b>(19,906,968)</b>	<b>2,093,969</b>	<b>590,774</b>	<b>2,684,742</b>

See accompanying notes to the consolidated financial statements

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

(in Canadian dollars)	2018	2017
	\$	\$
<b>Operating Activities</b>		
Net loss	(919,320)	(1,366,530)
Adjustment for non cash items :		
Write off/loss exploration and evaluation assets	416,868	1,013,381
Share-based compensation	164,024	9,978
Depreciation	5,447	6,764
	<b>(332,981)</b>	<b>(336,407)</b>
Changes in non-cash working capital		
Accounts receivable	(4,057)	(3,154)
Prepaid expenses	9,550	10,973
Accounts payable and accrued liabilities	(54,681)	84,717
	<b>(382,169)</b>	<b>(243,871)</b>
<b>Investing Activities</b>		
Exploration and evaluation assets	(85,019)	(54,139)
Net increase in deposits- exploration and evaluation assets	-	(1,000)
Refund of Petroleum Deposits	296,000	-
Option Payments	10,000	-
Proceeds on Disposal of Investments	43,327	-
Change in accounts payable -exploration and evaluation assets	(910)	2,311
Change in accounts receivable- exploration and evaluation assets	-	19,132
Government grant	18,000	32,360
Acquisition of Capital Assets	(3,491)	-
Loan Recievable	-	(29,157)
Acquisition of investments	-	(10)
	<b>277,907</b>	<b>(30,503)</b>
Net change in cash for the period	<b>(104,262)</b>	<b>(443,537)</b>
Cash, beginning of period	<b>355,726</b>	<b>1,254,492</b>
<b>Cash, end of period</b>	<b>251,464</b>	<b>810,955</b>

See accompanying notes to the consolidated financial statements

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2018 and 2017

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### 1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

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

The Company is a publicly traded company, incorporated under the laws of the Province of Alberta, Canada in 1995. Its registered address is 333 Duckworth Street, St. John's, NL A1C 1G9.

These financial statements have been prepared using accounting principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company reflected a loss of \$919,319 for the six months ended June 30, 2018 (A loss of \$1,366,530-six months ended June 30, 2017) and had an accumulated deficit of \$19,906,968. The Company had a working capital of \$341,390 at June 30, 2018 (\$709,565- year ended December 31, 2017).

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

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

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

### 2. BASIS OF PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies used in preparing these unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Company's annual financial statements, except for the adoption of IFRS 9 "Financial Instruments" ("IFRS9") in this interim period. These unaudited interim condensed consolidated

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2018 and 2017

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### 2. BASIS OF PRESENTATION (continued)

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

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 24, 2018.

#### *Basis of consolidation*

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The Company's subsidiaries include Red Moon Resources Inc. (formerly Red Moon Potash Inc.) in which the Company has a 66.3% interest and a wholly owned inactive subsidiary. Control is achieved by having each of: power over the investee via existing rights that give the company the current ability to direct the relevant activities of the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability for the company to use its power over the investee to affect the amount of the company's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

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

### 3. NEW AND AMENDED ACCOUNTING STANDARDS

#### **New and amended standard adopted by the Company**

##### IFRS 9 Financial Instruments

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

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

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**3. NEW AND AMENDED ACCOUNTING STANDARDS (continued)**

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

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

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

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

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

**Standards and amendments not yet effective and not yet applied**

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

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

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2018 and 2017

### 4. EXPLORATION AND EVALUATION ASSETS

The Company has 35 mineral licences (2017-36) which consist of 1,493 claims (December 31, 2017 – 1,623), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licences are in the exploration and evaluation stage. The Company holds a database of geological and geophysical data at June 30, 2018 and December 31, 2017. A summary of the exploration and evaluation assets is as follows:

	June 30, 2018			December 31, 2017				
	Balance, Beginning of Year	Additions	Writedowns	Balance, End of Year	Balance, Beginning of Year	Additions	Writedowns	Balance, End of Year
	\$	\$	\$	\$	\$	\$		\$
<b>Mineral properties</b>								
Property								
acquisition costs	131,995	10,720	(1,350)	141,365	133,930	4,905	(6,840)	131,995
Exploration costs	1,744,230	75,283		1,819,513	1,533,746	210,484	-	1,744,230
<b>Geological and geophysical data</b>	705,328		(415,518)	289,810	1,712,259	-	(1,006,931)	705,328
	<b>2,581,553</b>	<b>86,003</b>	<b>(416,868)</b>	<b>2,250,688</b>	<b>3,379,935</b>	<b>215,389</b>	<b>(1,013,771)</b>	<b>2,581,553</b>

Current year additions to mineral exploration and evaluation assets have been reduced by a government grant of \$nil (December 31, 2017- \$38,757). Current year additions to mineral exploration costs include share based compensation of \$985 (December 31, 2017- \$6,424).

The Company holds a database of geological and geophysical data. In 2018 and 2017, the Company regrouped certain of its mineral licences at licence renewal dates, and as result, surrendered a portion of the lands associated with the licences. The Company recorded a write-down to the geological and geophysical data in 2017 in the amount of \$415,518 (2017-\$1,006,931), which was in proportion to the land surrendered as compared to the total area covered by the geological and geophysical data. The Company recorded \$1,350 (2017- \$6,840) in write-downs to property acquisition costs for licenses that expired for a total write down of \$416,868 (2017-\$1,013,771).

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

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**5. INVESTMENTS**

Investments	2018	2017
	<b>\$ 4,881</b>	\$ 23,843

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

Shares in a public company received as consideration for option payments on mineral claims with a cost of \$91,512. At June 30, 2018, the market value of the shares is \$4,871 (December 31, 2017 – \$5,166). In years prior to 2014, an unrealized loss of \$85,500 was removed from other comprehensive loss and recorded in the statement of loss. In the year ended December 31, 2015, an unrealized loss of \$4,500 was removed from other comprehensive loss and recorded in the statement of loss. In 2017, an unrealized gain of \$2,298 was removed from other comprehensive income and recorded in the statement of loss.

Shares in a newly incorporated private company, Vinland Materials Inc. On May 12, 2017, the Company acquired a minority non-controlling interest. This new company was formed to pursue the development of various industrial commodities in the Province of Newfoundland and Labrador. The Company has extended a loan receivable in the amount of \$62,990 to Vinland Materials Inc.

**6. DEFERRED OPTION PAYMENTS**

	30-Jun-18	31-Dec-17
	<b>\$</b>	<b>\$</b>
South Voisey's Bay	<b>10,000</b>	-
	<b>10,000</b>	-

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

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

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**7. SHARE-BASED COMPENSATION**

*a) Vulcan Minerals Inc. stock options*

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

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

	<b>June 30 2018</b>		<b>December 31 2017</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>4,050,000</b>	<b>0.10</b>	3,800,000	0.10
Granted	<b>2,750,000</b>	<b>0.10</b>	250,000	0.10
Expired	<b>(1,700,000)</b>	<b>0.10</b>	-	-
Outstanding, end of period	<b>5,100,000</b>	<b>0.10</b>	4,050,000	0.10
<b>Exercisable, end of period</b>	<b>3,600,000</b>	<b>0.10</b>	3,925,000	0.10

The weighted average remaining contractual life of outstanding options is 3.90 years (December 31, 2017 – 1.96 years). The weighted average remaining contractual life of exercisable options is 3.54 years (December 31, 2017 – 1.92 years).

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

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

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

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*b) Fair Value assumptions*

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

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

*c) Red Moon Resources Inc. stock options*

Red Moon Resources Inc. (Red Moon) has a stock option plan under which directors, officers, management, consultants and employees of Red Moon are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan shall not exceed 10% of the issued shares of Red Moon at the time of granting the options. The number of shares which may be reserved for issuance in any 12 month period to any one individual may not exceed 5% of the issued shares or 2% if the optionee is a consultant, and the number of shares which may be reserved for issuance in any 12 month period to all optionees engaged in investor relations activities may not exceed 2% in the aggregate of the issued shares on a yearly basis. Options may be exercisable over periods of up to ten years, as determined by the Board of Directors of Red Moon and are required to have an exercise price no less than the closing market price of Red Moon's shares prevailing on the day that the option is granted less a discount of up to 25%, with the amount of the discount varying with market price in accordance with the policies of the TSXV.

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

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**7. SHARE-BASED COMPENSATION (continued)**

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

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

The weighted average remaining contractual life of outstanding options is 4.05 years (December 31, 2017 – 1.47 years). The weighted average remaining contractual life of exercisable options is 3.69 years (December 31, 2017- 1.47 years).

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

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

*d) Consolidated share-based compensation expense*

On a consolidated basis, the Company recognized share-based compensation costs in the amount of \$165,009 in the six months ended June 30, 2018 (\$15,145- six months ended June 2017). Share-based compensation in the amount of \$164,024 was expensed for the six months ended June 30, 2018 (\$9,978- six months ended June 2017) and \$985 (June 30, 2017- \$5,167) was capitalized to mineral exploration and evaluation assets.

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

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**8. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Three months ended June 30, 2018</b>	Three months ended June 30, 2017	<b>Six months ended June 30, 2018</b>	Six months Ended June 30, 2017
	\$	\$	\$	\$
Management, salaries, contract fees and benefits	<b>101,695</b>	95,213	<b>194,597</b>	182,208
Office and administrative	<b>32,207</b>	39,435	<b>64,449</b>	72,682
Directors' fees	<b>10,000</b>	10,000	<b>20,000</b>	20,000
Transfer agent and professional fees	<b>6,386</b>	10,763	<b>26,269</b>	25,342
Conferences, travel and accommodation	<b>10,410</b>	18,239	<b>28,253</b>	38,642
	<b>160,699</b>	173,649	<b>333,567</b>	338,875
Expenses attributable to subsidiary, Red Moon Resources Inc.	<b>21,947</b>	10,914	<b>39,318</b>	34,576
Expenses attributable to parent, Vulcan Minerals Inc.	<b>138,752</b>	162,735	<b>294,249</b>	304,299
<b>Total</b>	<b>160,699</b>	173,649	<b>333,567</b>	338,875

**9. RELATED PARTY TRANSACTIONS**

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

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

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### 9. RELATED PARTY TRANSACTIONS (continued)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
	\$	\$	\$	\$
Management fees, salaries and benefits for key management personnel	78,203	55,595	156,240	113,249
General and administrative expense				
Capitalized as mineral exploration and evaluation assets	1,041	2,593	2,248	5,154
Share-based compensation				
General and administrative expense	154,235	1,399	154,771	4,568
Capitalized as mineral exploration and evaluation assets	390	1,049	390	2,125
Directors' fees	10,000	10,000	20,000	20,000
	<b>243,869</b>	<b>83,159</b>	<b>333,649</b>	<b>198,598</b>

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
	\$	\$	\$	\$
Rent paid/payable to a corporation which is controlled by the President of the Company	9,000	9,000	18,000	18,000
	-		-	

# VULCAN MINERALS INC.

## Notes to the Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2018 and 2017

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### 10. COMPARATIVE FIGURES

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

### 11. CONTINGENCIES

- a) In 2011, the Company was served with a statement of claim by Geophysical Service Incorporated (GSI) wherein it is claimed that the Company, as a co-defendant with Investcan Energy Corporation, has committed a copyright infringement. The claim relates to an allegation that accessing offshore Labrador seismic data, which is released to the public by the Canada Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) after the relevant statutory privilege-confidentiality period, is a breach of copyright. The Company has fully defended its interests including participating in an Alberta “common issues” trial with multiple defendants from other cases and jurisdictions which raised the same legal issues with GSI. The common legal issues pertained to whether certain GSI seismic data is subject to copyright law and if so whether the regulatory regime which prescribes for the release of that data by the regulatory bodies, including the CNLOPB, is valid and not an unlawful infringement on any copyright protection. The Alberta Court of Queen’s Bench and the Alberta Court of Appeal have both upheld the validity of the regulatory regime as a full answer to any allegation of unlawful disclosure and copyright infringement by the multiple defendants. Therefore, the CNLOPB was within its rights to release the seismic data pursuant to its regulatory regime and the Company was within its rights to access the data. GSI had sought permission to appeal the decision of the Alberta Court of Appeal to the Supreme Court of Canada (SCC), however this permission was not granted by the SCC. Thus, the common issues have been fully answered and no further appeals are available. The Company is of the opinion that GSI’s claim against the Company has been fully answered in the Company’s favor as a result of the “common issues” decision and will endeavor to have the claim extinguished in the Supreme Court of Newfoundland and Labrador. No amounts have been recorded in the Company’s accounts related to this claim.
- b) The Company has been added as a co-defendant in an ongoing legal action Geophysical Service Incorporated (GSI) has with NWest Energy Corp. (now Ceylon Graphite Corp. by way of name change) regarding an alleged breach of an agreement between those parties. GSI has submitted a Statement of Claim and the Company has filed a Statement of Defence. Procedurally the action has moved slowly through the Alberta courts as multiple GSI actions in Alberta involving other parties were awaiting the resolution of the “common issues” trial noted (a) above. The Company believes the claims against it are without basis or merit and no amounts have been recorded in the Company’s accounts related to this claim. The Company is fully defending its interest.

# CORPORATE INFORMATION

## OFFICERS AND MANAGEMENT

Patrick J. Laracy  
President and Chairman

Jennifer Button  
Chief Financial Officer and Corporate  
Secretary

## BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Philip E. Collins

William Koenig

## EXCHANGE LISTING

TSX Venture – “VUL”

## LEGAL COUNSEL

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

## REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

## AUDITORS

PricewaterhouseCoopers LLP

## BANKERS

Scotiabank

## ADDITIONAL INFORMATION

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