

**VULCAN MINERALS INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

**For the Three Months Ended March 31, 2020**

*This discussion includes certain statements that may be deemed “forward-looking statements”. All statements in this discussion, other than statements of historical facts, that address exploration, drilling, exploration activities and events or developments that Vulcan Minerals Inc. (the “Company”) expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements.*

## General Business

The Company is an exploration venture company engaged in mineral exploration on properties in Newfoundland and Labrador. The Company holds 63.03% (2018-66.4%) interest in Red Moon Resources Inc. (Red Moon), a publicly traded company at December 31, 2019. Red Moon is engaged in industrial mineral exploration development and production on properties in Newfoundland and Labrador.

This MDA should be read in conjunction with the unaudited condensed consolidated financial statements for the period ended March 31, 2020 and accompanying notes. The audited consolidated financial statements include the accounts of the Company and 63.03% (2018-66.4%) held subsidiary, Red Moon Resources Inc.

## DATE

The date of this MDA is May 27, 2020.

## OVERALL PERFORMANCE

The Company reflected a loss of \$94,935 for the three months ended March 31, 2020 (March 31, 2019- loss of \$156,536) and had an accumulated deficit of \$21,016,574. The Company had a loss of \$15,742 on its equity accounted investment in the three months ended March 31, 2020 (March 31, 2019- loss of \$17,753). The Company had positive working capital of \$187,504 at March 31, 2020 (December 31, 2019- \$234,315).

The Company recognized share-based compensation in the amount of \$10,252 in the three months ended March 31, 2020 (March 31, 2019 - \$25,368). Share-based compensation in the amount of \$10,252 was expensed for the three months ended March 31, 2019 (March 31, 2019 – \$25,368) and nil (March 31, 2019 - \$494) was capitalized to mineral exploration and evaluation assets.

The following table outlines the significant components of consolidated general and administrative expenses for each of the periods ended March 31, 2020 and 2019.

	March 31, 2020	March 31, 2019
	\$	\$
Office and administrative	23,611	27,374
Management, salaries and contract fees and benefits	29,666	51,094
Directors' fees		-
Transfer agent and professional fees	14,651	19,279
Travel and accommodation	6,961	13,447
	<b>74,889</b>	111,194
Expenses attributable to subsidiary, Red Moon Resources Inc.	133,762	26,435
Expenses attributable to parent, Vulcan Minerals Inc.	(58,873)	84,759
<b>Total</b>	<b>74,889</b>	111,194

## OPERATIONS

### Mineral Properties

#### *Colchester Copper Gold Project*

The Company announced in May 2016 the acquisition, by staking, of the Colchester copper-gold property in north-central Newfoundland. The property is accessible by paved road approximately 25 kilometres off the Trans Canada Highway. The area is serviced by an airport at Deer Lake 110 kilometres to the southwest. The property contains four past producing historic mines which operated in the late 1800's, namely the Colchester, West Colchester, McNeilly and Old English.

In 1967, Colchester Mines Ltd. evaluated the previous work on the property and provided a resource calculation based on diamond drilling, that the known workings contained 1,000,000 tons (including 20% dilution) of copper grading 1.3%. This is an historic reference that is not compliant with National instrument 43-101. As such the Company is not treating the historical estimate as a current resource or reserve. Rather, it is used to demonstrate the potential for the property to contain significant copper mineralization.

In November 2016, the Company re-established a 20 line km. grid on the Old English portion of the property and carried out a high resolution Induced Polarization (IP) geophysical program followed by an 800 metre drill program which confirmed the tenor of mineralization and the positive correlation with the IP survey results. Several drill targets with significant potential for copper and gold discoveries have been identified both within and outside the historic resource area. Further drilling on the property is warranted based on these results.

Based on the regional compilation work carried out on the original Colchester property, additional claims were staked including the Little Bay copper mine (dormant) and adjacent gold showings which are now collectively referred to as the Springdale project. A program of prospecting was carried out on a portion of this project in 2016. Further mapping, prospecting and geological surveying were carried out on the Colchester and Little Bay properties in the summer of 2017 confirming historic sampling and identifying areas for future trenching and geophysics. Based on the evaluation certain

lower prospectivity claims were reduced from the project. Field work consisting of prospecting and soil sampling was carried out on the Springdale project in October 2019.

#### *Lizard Pond Gold Property*

In July 2016, the Company acquired, by staking, the Lizard Pond gold property in central Newfoundland. The property is adjacent to the Baie d'Espoir highway approximately 50 kilometres south of the Town of Grand Falls-Windsor. The property consists of several gold showings including the Lizard Pond South showing having initially yielded channel samples of 12.6 grams per tonne (g/t) gold over 0.4 metres and 6.6 g/t gold over 1.2 metres. The Company carried out prospecting and mapping work in 2018 and interpretation and analysis in 2019. Based on this evaluation certain lower prospective claims were reduced from the property. Future work will depend on the availability of financing and the level of exploration occurring in the area.

#### *Red Cross Lake Nickel/Copper/Cobalt/Gold Project*

The Company completed a review of the Red Cross Lake property in central Newfoundland for its nickel, copper and cobalt potential in 2019. The property contains the Red Cross Lake intrusive suite, a layered mafic-ultramafic intrusion that received a preliminary evaluation of its nickel potential by Falconbridge in 2005. The property is situated in a structural setting considered favourable for the formation of magmatic nickel-copper-cobalt mineralization. The property structurally offsets the Marathon gold deposit to the west, which is currently being delineated by Marathon Gold Corp. As such, gold was the initial focus of attention on this property and will remain a target of interest based on the positive results of the 2017 soil geochemical survey. However, the nickel potential of the project warrants evaluation. There are several factors that highlight the potential for nickel sulphide development, including evidence of nickel depletion in certain units of the intrusion. This may indicate that an immiscible sulphide melt could have preferentially extracted this nickel, which is a critical process for forming nickel sulphide mineralization. The continuing review has included inspection and sampling of drill core from historical exploration, as well as a compilation and analysis of historical geophysical data. The geophysical data indicates the potential for electrical conductors on the property which may represent drill targets. A modern time-domain deep penetrating electro magnetic (TDEM) survey was planned for the property but survey equipment was not available at a cost-effective basis in 2019. Further analysis and interpretation of existing geophysical data was undertaken and re-affirms the merits of carrying out a modern TDEM survey.

#### *South Voisey's Bay Nickel/Copper/Cobalt*

The Company owns a strategic land position in the South Voisey's Bay nickel-copper-cobalt project in Labrador. The Project comprises three licences containing a total of 30 claims.

The South Voisey's Bay project area contains the Pant's Lake mafic intrusive complex which was first explored for nickel following the 1993 discovery of the Voisey's Bay nickel-copper-cobalt mine, approximately 80 kilometers north. Several rounds of drilling and geophysics have established the intrusion's potential for significant accumulations of massive magmatic sulphides.

On March 21, 2018 a binding Letter of Intent was signed with Fjordland Exploration Inc. (Fjordland) granting it the option to acquire a 65% working interest in 30 mineral claims located in the South Voisey's area, Labrador. During the summer of 2018 Fjordland carried out a drilling program (approx. 1300 meters) at the South Voisey's Bay project. Some of the drill locations are on or near Vulcan's

claims but did not encounter significant mineralization. Subsequently Fjordland terminated the option agreement. The lands are in good standing based on the exploration assessment work carried out.

### *Red Moon Resources*

Red Moon Resources Inc., a subsidiary in which Vulcan holds a 63.03% (2018-66.4%) ownership interest, owns a 100% interest in mineral licences covering a portion of the Bay St. George Basin in Western Newfoundland.

The Company manages Red Moon's exploration work including its development of the Captain Cook salt deposit, the Ace gypsum development and production and the nepheline syenite project. A National Instrument 43-101 compliant mineral resource report with respect to the Captain Cook salt deposit was completed in 2016 by APEX Geoconsultants Ltd. The resource estimate concluded that using a 95.0% lower base cut-off for sodium chloride, the Captain Cook Halite Resource Estimate is classified as "Inferred" and demonstrates that there is 908 million tonnes of high purity halite (96.9% salt) for 880 million in-situ tonnes of salt. To demonstrate that the salt has reasonable prospects of economic extraction, the mineral resource is reported at a lower base case cut-off of 95.0% NaCl. This is the general standard used in the purchase of road salt and follows the specification outlined in American Society for Testing and Materials (ASTM) Designation D632-12 (2012), which is applicable for sodium chloride intended for use as a de-icer and for road construction or maintenance purposes. Accordingly, with respect to reporting a resource estimate that abides by the General Guidelines of NI 43-101, the Red Moon salt test work results show that the Captain Cook halite deposit has good prospects of economic viability for an industrial mineral deposit. Red Moon is soliciting funding to complete a feasibility study on the project.

Red Moon commenced production at its Ace gypsum mine in western Newfoundland in late 2018. The deposit is part of the historic Flat Bay gypsum mines that have been dormant since 1990. Red Moon identified markets that warranted the permitting and revitalization of the mine commensurate with market demand for gypsum. Markets for 2019 were secured and production related activities commenced in April 2019. Red Moon produced 155,915 tonnes of material in 2019.

In 2017, Red Moon acquired a bulk sample from its Black Bay nepheline deposit in southern Labrador where the company conducted a mapping and sampling program in late 2016. That program confirmed that the potential tonnage of the deposit warrants further work and that the chemical composition of the material is within commercial specifications subject to certain beneficiation processes. The bulk sample of the deposit was analyzed and processed at the laboratory to better gauge the beneficiation characteristics of the raw nepheline syenite. Results indicate favourable characteristics and Red Moon is planning further sampling work and is also soliciting partners to advance the project.

### *Villa Marie Quartzite Project*

The Company has acquired, through staking, the dormant Villa Marie Quartzite open pit mine approximately 30 kilometers east of the deepwater port of Argentia and 75 kilometers west of St. John's Newfoundland. The quartzite was a source of silica used as a metallurgical flux in an industrial plant that operated in the area 1968-1989. The Company believes the quartzite has potential for use in the cement manufacturing business and as a metallurgical flux.

Historically the property contains 52 drill holes over approximately 2600 meters which formed the basis for an historic resource estimate upon which the original mining was conducted. This drilling data has been digitized and interpreted. The Company has also mapped the property and sampled the various outcroppings of bedded quartzite. Analysis of these samples is consistent with historic results.

An average analysis over three quartzite beds is 95.32% silicon dioxide with correspondingly low total alkalis, compared to 94.7 % silicon dioxide from historic government sources. Because of its proximity to a deepwater port, road access and electrical power supply, the company will further investigate potential markets for this material.

#### Investment-Other

On May 12, 2017, the Company acquired an interest in a newly formed private company, Vinland Materials Inc. incorporated under the laws of the Province of Newfoundland and Labrador. This new company was formed to pursue the development of various industrial commodities in the Province of Newfoundland and Labrador.

#### Plans for 2020

The Company is soliciting partners to advance each of its projects. The Company will also continue to advance, through Red Moon, the Captain Cook salt project towards feasibility and assist with production activities at the Ace gypsum mine.

#### SUMMARY OF QUARTERLY RESULTS

Quarter	Total Income (Loss)	Net Income (Loss)	Net Income (Loss) per share
	\$	\$	\$
March 31, 2020	(15,742)	(94,935)	(0.002)
December 31, 2019	(101,073)	(311,835)	(0.010)
September 30, 2019	198,445	116,131	(0.009)
June 30, 2019	(7,500)	(112,803)	(0.003)
March 31, 2019	(17,753)	(156,536)	(0.008)
December 31, 2018	17,771	(331,918)	(0.010)
September 30, 2018	nil	(468,242)	(0.008)
June 30, 2018	286	(691,804)	(0.011)
March 31, 2018	302	(227,516)	(0.004)
December 31, 2017	42,736	(205,717)	(0.003)
September 30, 2017	992	(139,783)	(0.002)
June 30, 2017	922	(1,181,751)	(0.020)
March 31, 2017	1,546	(184,780)	(0.003)
December 31, 2016	2,106	(179,969)	(0.003)

Revenue for each quarter is represented by interest income except for Q1 & Q2 and Q3 2019, Q4 2018 & Q4 2017. In Q1, Q2 & Q3 2019 net income/loss is attributable to equity accounted investments. In Q4 2018 revenue is attributable to a gain on an equity accounted investment. In Q4 2017 revenue of \$42,027 is attributable to income on an available for sale investment sold in the quarter. Income from the Ace gypsum mine is considered pre-production income and therefore \$414,648 total to date is netted against the exploration and evaluation asset until such time that the mine is technically feasible and commercially viable. Net loss for the quarter ended September 30, 2018 includes a provision for write down of exploration and evaluation assets in the amount of \$316,409.

Net loss for the quarter ended June 30, 2018 included a provision for write-down of exploration and evaluation assets in the amount \$365,584 and stock-based compensation of \$163,083. Net loss for the quarter ended June 30, 2017 included a provision for write-down of exploration and evaluation assets in the amount of \$1,000,635.

## LIQUIDITY

At March 31, 2020, the Company had current assets of \$245,508 which includes cash of \$220,562 held by the Company's consolidated subsidiary, Red Moon Resources Inc. The cash is readily available and is not subject to subprime debt issues nor asset backed commercial debt.

The Company has no long-term debt and as such is not sensitive to interest rate fluctuation on debt instruments. The Company's cash and cash equivalents are held in bank accounts with no exposure to equity market fluctuations.

The Company has no established revenue other than the revenue from the Ace Gypsum mine and income from equity accounted investments. The Company's ability to continue in the long term will be dependent on equity financing or obtaining joint venture partners.

The Company's financial statements have been prepared using generally accepted accounting principles in Canada 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. Management continues to seek out partners for various projects. Nonetheless, there is no assurance that these initiatives will be successful. With the impact of the Covid-19 Pandemic the ability to raise sufficient funds may impact future operations. The Company's financial statements and management's discussion and analysis do not reflect adjustments to the carrying value of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## CAPITAL RESOURCES

The Company holds 17 mineral licences and subsidiary company, Red Moon, has 19 mineral licences in Newfoundland and Labrador. These tenure instruments require annual work obligations in order to maintain ownership. Failure to fulfill work obligations would result in loss of ownership interest. The Company holds a 3% net production royalty on certain of the mineral licences currently held by subsidiary, Red Moon. In 2019, the Company recorded \$12,255 in royalty income.

## TRANSACTIONS WITH RELATED PARTIES

The Company and its subsidiary paid key management personnel, which includes the President and Chief Executive Officer, and the Chief Financial Officer, management fees, salaries and benefits in the amount of \$33,822 for the three months ended March 31, 2020 (March 31, 2019-\$26,538).

The Company also recognized \$10,252 for the three months ended March 31, 2020 (March 31, 2019-\$20,551).

The Company and its subsidiary, Red Moon, expensed premises rent aggregating \$9,000 for the three months ended March 31, 2020 (March 31, 2019-\$9,000) to a private company owned and controlled by the President of the Company. Included in the accounts payable balance is an amount of \$25,000 accrued as a payable by Red Moon Resources Inc. for rent for the month's March 2018 to March 31, 2020.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

## STOCK OPTIONS

### *Vulcan Minerals Inc.*

No stock options were granted for the three months ended March 31, 2020. In the year ended December 30, 2019, the Company granted 700,000 stock options to a director with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 350,000 options vested on the date of the grant and the remaining 350,000 options vest March 31, 2021.

### *Red Moon Resources Inc.*

No stock options were granted by Red Moon Resources Inc. for the three months ended March 31, 2020. Red Moon Resources Inc. granted 700,000 stock options in the year ended December 31, 2019. Options were granted to directors, with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 350,000 options vested on the date of the grant and the remaining 350,000 options vests in 2021.

## FINANCIAL INSTRUMENTS AND OTHER RISKS

The Company's financial instruments include cash and cash equivalents, and accounts payable and accrued liabilities. The carrying amount of each approximates fair value due to their short-term nature.

The Company also holds financial instruments in the form of fair value through other comprehensive income. The investments had a carrying value of negative \$2,066 at March 31, 2020.

## **Business Risks**

The Company is a junior exploration company principally involved in mineral exploration which are inherently high-risk activities. The business of exploring for, developing, and acquiring, mineral projects is subject to many risks and uncertainties, several of which are beyond the control of the Company. These risks are operational, financial, legal and regulatory in nature. Operational risks include unsuccessful exploration and development drilling activity, safety and environmental concerns, access to cost effective contract services, escalating industry costs for contracted services and equipment, product marketing and hiring and retaining qualified employees. The Company is subject to financial risk as exploration is capital intensive though Red Moon has initiated production at its Ace gypsum mine, this operation is at an early stage as it establishes its presence in the marketplace and secures a reliable cash flow. The Company has traditional sources of funding available including equity and joint venture financing arrangements. Only the skills of management and staff in mineral and exploration financing serve to mitigate these risks. The Company is subject to a variety of regulatory risks that it does not control. Government and Securities regulations are monitored to ensure the Company continues to be in compliance.

The Company also mitigates many of the above risks by having diversified exploration projects capable of financing by joint venture partners.

## **Financial Risk Factors**

Other financial risk factors to which the Company is exposed are outlined below:

### ***Credit risk***

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

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. At March 31, 2020, the Company had current assets of \$245,508 which includes cash of \$220,562 held by the Company's consolidated subsidiary, Red Moon Resources Inc. 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. Epidemics such as COVID-19 could have a material adverse impact on the Corporation's ability to raise sufficient funds to operate the business. Management is continually evaluating alternatives to secure financing so that the Company can continue to operate as a going concern.

### ***Commodity price risk***

The recoverability of the costs of exploration and evaluation properties is partially related to the market price of minerals. The Company does not hedge this exposure to fluctuations in commodity prices. The Company's ability to continue with exploration programs is also indirectly subject to commodity prices. The extent to which COVID-19 impacts the Corporation's business, including its operations and the market for its industrial minerals, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak.

### ***Interest rate risk***

The Company's cash balances are held in Canadian chartered bank accounts. The Company has no debt. The Company believes its interest rate risk is not significant.

### ***Market price risk***

The value of the Company's investments is exposed to fluctuations in value depending on a number of factors, including the quoted market price and the market value of the commodities that the companies may focus on. The Company does not utilize any derivative contracts to reduce this exposure.

## CONTINGENCIES

- a)* The legal case initiated by Geophysical Service Incorporated (GSI) in 2011 against the Company has been discontinued (dropped) by GSI. The claim related 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 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 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. The notice of discontinuance of this action by GSI was filed in the Supreme Court of Newfoundland and Labrador. Vulcan is seeking legal costs in the matter.
- 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.

## SHARE CAPITAL

As of the date of this management discussion and analysis the Company has 61,352,765 voting common shares outstanding. The Company’s share capital consists of an unlimited number of voting common shares, and an unlimited number of preferred shares of which there are none outstanding.

The Company and its subsidiary company have 8,625,000 stock options outstanding at May 27, 2020 (of which 3,900,000 relate to subsidiary, Red Moon) summarized in the table below. There were 7,925,000 options vested and exercisable at May 27, 2020 (of which 3,550,000 relate to subsidiary, Red Moon).

Vulcan Minerals has 1,413,318 share purchase warrants outstanding at May 27, 2020. The subsidiary company has 3,800,000 share purchase warrants outstanding at May 27, 2020 summarized in the table below, of which 2,000,000 are held by Vulcan.

<b>Date Issued</b>	<b>Number</b>	<b>Exercise Price</b>	<b>Details</b>
<b>Vulcan as follows:</b>			<b>Stock Options</b>
February 17, 2016	1,500,000	\$0.10	Directors' Options, Expiry February 17, 2021
December 14, 2016	50,000	\$0.10	Advisory Committee, Expiry December 14, 2021
September 27, 2017	150,000	\$0.10	Advisory Committee & Employee, Expiry September 27, 2022
April 27, 2018	2,225,000	\$0.10	Directors', Advisory Committee & Employees, Expiry April 27, 2023
October 10, 2018	100,000	\$0.10	Advisory Committee, Expiry October 10, 2023
December 30, 2019	700,000	\$0.10	Directors' Options, Expiry December 30, 2024
			<b>Warrants</b>
Dec 14, 2018	433,318	\$0.12	Share Purchase Warrants, Expiry December 14, 2021
Jan 31, 2019	980,000	\$0.12	Share Purchase Warrants, Expiry January 31, 2021
<b>Red Moon as follows:</b>			<b>Stock Options</b>
March 16, 2016	1,200,000	\$0.10	Directors' Options, Expiry March 16, 2021
April 27, 2018	2,000,000	\$0.10	Directors' Options, Expiry April 27, 2023
May 6, 2019	100,000	\$0.10	Directors' Options, Expiry May 6, 2024
December 30, 2019	600,000	\$0.10	Directors' Options, Expiry December 30, 2024
			<b>Warrants</b>
Dec 1, 2015	2,525,000	\$0.10	Share Purchase Warrants, Expiry November 6, 2020
April 9, 2019	1,275,000	\$0.25	Share Purchase Warrants, Expiry April 9, 2021

#### ADDITIONAL INFORMATION

All corporate disclosure documents are filed on [www.sedar.com](http://www.sedar.com). Additional information regarding the Company's projects and activities are available at [www.vulcanminerals.ca](http://www.vulcanminerals.ca).