



Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2009 and 2008

*...exploring for petroleum and minerals in Canada...
searching new areas for large deposits...*

VULCAN MINERALS INC.
September 30, 2009 and 2008

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VULCAN MINERALS INC.
MANAGEMENT DISCUSSION AND ANALYSIS – FORM 51-102F
For the Period Ended September 30, 2009

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 that actual results or developments may differ materially from those projected in the forward-looking statements.

1.0 INTRODUCTION

General Business

The Company is engaged in petroleum and natural gas and mineral exploration on properties in Newfoundland and Labrador. The Company owns petroleum rights onshore in Western Newfoundland and Offshore Labrador. The Company’s efforts have focused on exploring these properties. The Company is a pure exploration venture and has no proven petroleum or mineral reserves.

The first management, discussion and analysis (MDA) filed pursuant to Form 51-102 F of National Instrument 51-102 was for the quarter ended March 31, 2004. The MDA should be read in conjunction with the consolidated financial statements for the nine-month period ended September 30, 2009 and accompanying notes.

1.1 DATE

The date of this MDA is November 24, 2009.

1.2 OVERALL PERFORMANCE

For the period ended September 30, 2009, total assets decreased to \$9,923,592 (2008 - \$13,679,538) primarily reflecting a decrease in investments (shares in a public company - see Section 1.14). Current liabilities related to normal trade payables increased to \$197,426 (2008 - \$85,003). The Company had revenue decreases related to interest income of \$1,284 (2008 - \$12,602) primarily reflecting decreased interest rates during 2009. Other income of \$24,000 (2008 - Nil) relates to revenue earned by the Company for the use of the Company’s drilling rig, this is offset by amortization expense on the rig of \$24,000. Option payments shown under revenue for 2009 relate to the Kingurutik Option agreement which was cancelled during Q1 2009 and previously shown on the balance sheet as deferred (2008 - \$Nil). Deferred option payments on the balance sheet were \$124,000 (2008 - \$70,000) which increased over the past year as a result of option payments for the TL Nickel property. Long-term deposits decreased over the past year due to work commitment and well performance bonds for the Parsons Pond petroleum

permits now being shown as current. General and administrative expenses were lower for the nine-month period in 2009 (\$154,935) compared to 2008 (\$486,117) and for the quarter and include the following material components:

General & Admin. Expenses Include:	Three Months Ended Sept 30			Nine Months Ended Sept 30		
	2009	2008	% Change	2009	2008	% Change
Office (including reimbursements) (\$)	(85,899)	(5,574)	-1441%	(139,363)	69,461	-301%
Mgmt Fees/Admin/Subcontract (\$)	58,166	141,955	-59%	251,620	343,129	-27%
Transfer Agent & Professional Fees (\$)	2,618	7,524	-65%	32,650	44,602	-27%
Travel & Accommodation (\$)	6,176	6,134	+1%	10,028	28,925	-65%

Office expenses decreased from 2008 due to reimbursement of G&A from personnel time spent on optioned and joint venture projects of \$280,343 (compared to \$78,331 reimbursement in 2008); once this reimbursement is removed, costs are consistent year over year. Management and subcontract fees decreased during the period due to direct reimbursement on personnel of \$317,446 (compared to \$57,953 in 2008); removing the reimbursement, these fees have increased due to additional full time support personnel. Travel and accommodation decreased during the period due to attendance at extra trade shows during Q1 2008; the majority of travel during 2009 relates to the current drilling projects and has been either paid for by the joint venture or capitalized. Net loss for the period was \$202,255 compared to net loss of \$876,128 in 2008. Net loss was higher in 2008 due to higher G&A costs, increased stock-based compensation for vesting options at a higher price as well many stock-based costs for 2009 have been capitalized whereas costs for 2008 were capitalized at the end of the year, increased option payments in 2009 taken into income, and revenue from the use of the Company's drilling rig; the increased costs in 2008 are offset by increased future income tax recovery in 2008 (\$96,484 greater in 2008).

During the period ended September 30, 2009, the Company received \$102,700 pursuant to the exercise of stock options.

1.3 SELECTED ANNUAL INFORMATION

Refer to Form 51-102F for the year ended December 31, 2008.

1.4 RESULTS OF OPERATIONS

Western Newfoundland-Petroleum (Onshore)

Bay St. George

The Company owns three petroleum permits in the Bay St. George Basin, onshore Western Newfoundland, covering an area of approximately 236,000 acres. The Company has been exploring these permits for several years. During 2007, the Company completed a seismic acquisition program in the basin. Approximately 60 km of lines were surveyed and shot. The new seismic data was processed in late December 2007. The data has been interpreted in the context of the Company's ongoing geoscientific analysis of the Bay St. George Basin. In particular, this new data was designed to delineate the Hurricane Deeps target. This target is a seismically mapped petroleum prospect, which was interpreted to require deep drilling to at least 3,000 metres through multiple stacked reservoir targets. The Company felt that this deeper target was prospective because it provides access to geologic horizons closer to source rock, potentially better reservoir characteristics and higher probability for maintenance of trap integrity. The new seismic data was successful in firming up exact drill locations.

In February 2008, the Company entered into a purchase and sale agreement with Investcan Energy Corporation (“Investcan”), for a 50% working interest in the Company’s petroleum permits 96-105, 03-106, and 03-107 onshore Bay St. George, Western Newfoundland. Pursuant to the agreement, the Company received a cash payment of \$51,000 plus a commitment by Investcan to incur \$15,000,000 in exploration expenditures to January 31, 2010 (carrying the Company for this first \$15,000,000 of expenditures). The first well, Robinsons #1, was completed on October 15, 2009 and reached a total depth of 3,560 metres. It is the deepest well ever drilled in the basin. The well encountered natural gas shows in several sandstones interbedded with shales and siltstones over a gross interval of 1290 meters. Initial interpretations from drill cuttings suggest the sandstone interbeds represent approximately 20% of that gross interval. Because the well is the first hole to drill these rock intervals in the Bay St George basin the full significance of the gas shows won’t be known until they are adequately flow tested. The Company carried out an extensive evaluation of the well, including vertical seismic profiling, geophysical logging, sidewall coring and drill stem flow testing. Results indicated that the gas bearing zones exhibited low permeability and that they would require to be hydraulically fractured. The second well, Red Brook #2, was drilled to a total final depth of 1965 metres on November 23, 2009. The well encountered several natural gas bearing intervals based on mud logging results. Oil shows in the form of fluorescence on drill cuttings have also been encountered. The significance of these hydrocarbon shows will not be known until the formations have been evaluated. The Company is preparing to conduct a geophysical logging program followed by drill-stem testing. A third well is planned for 2010.

In February 2009, the Company drilled two shallow core holes in the Flat Bay oil deposit to gather reservoir engineering data. The holes were successful in encountering petroleum in the targeted reservoir and the core is currently being analyzed.

Parsons Pond

The Parsons Pond permits are situated on the west side of the northern peninsula in western Newfoundland. This is a frontier petroleum exploration area. The Company has held non-operating minority interests in this area for several years.

The Company currently holds 18.57% working interest in EP 03-101, 7.39% in EP 03-102 and 10% in EP 03-103 (non-operating).

On August 6, 2009, Nalcor Energy acquired an average 67% working interest in the permits from the operator. Nalcor Energy has acquired operatorship and is planning on a three well drilling program. Nalcor Energy is a provincial (Newfoundland and Labrador) crown corporation active in hydro-electric generation and offshore oil and gas development. The Company plans on participating in any drill program on the exploration permits subject to acquiring financing.

Labrador Offshore

During September 2008, the Company entered into a joint bidding agreement with Investcan on a 50/50 basis. Pursuant to that agreement the Company and Investcan bid on Parcel #2 as per the Call for Bids NL07-2 for exploration licences offshore Labrador and were the successful bidders on this parcel with a work commitment bid of \$9,601,000. A refundable security deposit equal to 25% of the work commitment bid with the Canada-Newfoundland and Labrador Offshore Petroleum Board (“CNLOPB”) has been posted to secure the exploration licence. Further information regarding Call for Bids NL07-2 is available at www.cnlopb.nl.ca

The joint bidding agreement between the Company and Investcan provides that Investcan shall initially post 100% of the refundable security deposit. The Company's obligation to pay 50% of the security deposit (maximum of \$1,200,125) will be carried by Investcan for two years without dilution of the Company's working interest in the exploration licence. If the Company assumes its 50% share of the security deposit at the end of two years, it shall preserve its 50% working interest in the exploration licence. If the Company does not assume its 50% share of the security deposit at the end of two years, Investcan shall carry the obligation up to an additional two years subject to a dilution of the Company's interest in the licence up to a maximum of 22% (i.e.: the Company would maintain a minimum 28% working interest) at which time the Company will assume its share of the security deposit.

An exploration licence confers the right to explore for petroleum for an initial Period I of six years with a possible additional period of three years. Parcel #2 covers 236,525 hectares (584,000 acres) of the Hopedale Basin on the Labrador continental shelf. It is situated adjacent to and on trend between the Bjarni-North Bjarni discoveries (approximately 3.1 trillion cubic feet of natural gas) to the northwest and the Gudrid discovery (approximately 924 billion cubic feet of natural gas) to the southeast. The gas quantities for the Bjarni-North Bjarni and Gudrid discoveries are resources as published by the CNLOPB. The Company has carried out an internal evaluation of the parcel and has identified prospects and leads worthy of further exploration in the context of an emerging gas play. The Company and Investcan are currently formulating an exploration program for the licence. An environmental assessment process has been initiated which will permit the area for seismic acquisition.

Western Newfoundland Offshore

Through its interests in NWest Energy Inc. ("NWest"), the Company has exposure to the exploration potential of offshore western Newfoundland, an area with petroleum potential in Cambrian-Ordovician targets, which are productive in the Appalachian belt of New York State extending as far south as Texas. NWest's current total offshore land package covers 650,000 hectares. A seismic program was carried out in 2008 over key target areas and the data is currently being processed and interpreted by NWest. NWest is soliciting partners to pursue additional exploration on the licences.

The Company was a founding shareholder of NWest in 2006 and currently owns approximately 19.2% of its outstanding shares. In December 2007, NWest became a public corporation via a reverse takeover of a TSX Venture listed corporation and raised \$10,000,000 by way of private placement. NWest has retained its own management and consulting team to carry out its business plan. NWest announced in 2008 that Dr. James Buckee, retired CEO of Talisman Energy Inc. and Ms. Jacqueline Sheppard, retired executive Vice-President and Corporate Secretary of Talisman Energy Inc. have joined the Board of Directors.

Mineral Properties

TL Nickel-Copper-PGM

The TL Nickel-Copper-Platinum group element property in Labrador is situated approximately 80 km northwest of the Voisey's Bay world-class nickel-copper-cobalt mine. On May 30, 2003, the Company announced that it had optioned the property to Nortec Venture Corp.

Nortec has spent sufficient funds to keep the property in good standing since that time. An airborne geophysical survey was completed as of May 21, 2008 by Geotech using the VTEM system. A drilling program was carried out on the property during the summer of 2008 with approximately 1960 metres being drilled. Significant drill intersections of mineralization were encountered up to 14 metres of 1.02% Nickel, 0.51% Copper, and 0.03% Cobalt as follows:

Hole_ID	From (m)	To (m)	Interval (m)	Nickel %	Copper %	Cobalt %	Platinum, Palladium+Gold g/t
08-LP-55	7	21	14	0.80	0.85	0.03	0.36
incl.	10	19	9	1.02	0.55	0.04	0.40
incl.	7	13	6	1.02	1.59	0.05	0.30
WITH	7	8	1	0.55	4.02	0.03	0.30
08-AA-60	3	42	39	0.57	0.28	0.02	0.25
incl.	6	20	14	1.02	0.51	0.03	0.35
WITH	13	14	1	2.15	0.38	0.05	0.36
08-AA-61	2	31	29	0.42	0.21	0.02	0.15
incl.	5	6	1	1.62	0.66	0.05	0.35
incl.	8	10	2	1.23	0.34	0.04	0.41

Full assay results are available on the Company's website at www.vulcanminerals.ca

To date, Nortec has earned its 51% working interest in the property. Nortec has elected to earn up to an additional 24% working interest by issuing 200,000 additional shares and spending \$5,000,000 on the property over a three-year period; the shares have been received. If Nortec completes this additional earn-in then the Company will retain a 25% working interest in the property, otherwise the Company will maintain a 49% participating working interest.

Kingurutik Property

The Kingurutik River property covers 234 claims (approximately 15,000 acres) of Nain Plutonic rocks approximately 90 kilometers northwest of the Voisey Bay nickel, copper cobalt mine.

An option agreement with Nortec Ventures Corp. ("Nortec") was executed on July 30, 2008. An airborne VTEM survey was flown over most of the property in May with several co-incident magnetic and electromagnetic anomalies identified. Three scout holes were drilled on the property as an extension of the Tasisuak Lake drill program in August. No significant mineralization was encountered though encouraging sulphide segregations were intersected. In February 2009, Nortec advised the Company that it wished to withdraw from this option agreement. The Company continues with its evaluation of the property on a 100% ownership basis.

Flat Bay Potash/Salt

The Carboniferous aged strata of the Maritimes Basin is a significant producer of salt and potash. Presently there are three producing mines in Atlantic Canada: Sussex, New Brunswick - Potash Corporation of Saskatchewan (potash/salt); Pugwash, Nova Scotia - The Canadian Salt Company

Limited (salt); Nappan Salt Mine, Nova Scotia - Sifto Canada Inc. (evaporation operation for salt).

The Company owns the mineral rights (in addition to petroleum rights) over a portion of the northern Bay St. George Basin (approximately 100,000 acres). In 2002, the Company drilled Captain Cook #1 which discovered a 165-meter thick section of evaporites consisting of halite (salt) and a potentially significant potash zone. Analysis of the core indicates grades varying from 4.44% - 20.40% K₂O (potassium oxide). In 2004, the Company drilled the Flat Bay #2 well, which intersected approximately 200 metres of salt approximately 2 km from Captain Cook. Seismic data, which provides subsurface imaging, suggests that these discoveries are connected and that a significant salt/potash resource exists in the area. Assessment of the discoveries is ongoing through the use of the Company's seismic data for mapping of the evaporitic rocks which contain the potash and salt.

Plans for 2009/2010

As a result of the Company's joint venture with Investcan and its ongoing exploration assessment of the Bay St. George area, a drill program is underway in the Hurricane Deep area. The agreement with Investcan Energy Corporation is providing funding for the drilling program whereby the Company's interest will be carried 100%. The first deep well in the Bay St. George basin, Robinsons #1, reached its desired depth of 3560 metres in a safe and effective manner and now requires extensive evaluation. Based on experience in New Brunswick in similar rocks the well may need to be hydraulically fractured in order to fully test its flow rate potential. The second well in the program, Red Brook #2, also reached its desired depth of 1965 metres in a safe and effective manner and is currently undergoing a geophysical logging program to be followed by drill-stem testing. It accomplished its objective by testing a flank play along the west side of the Flat Bay Anticline. This is a separate structure from that tested by the previous Robinsons #1 well which encountered a significant thickness of natural gas bearing sandstones approximately 10 kilometres east of the Red Brook location. A third well is planned for the spring 2010.

The Company and Investcan will continue with its geological and geophysical evaluation of its recently acquired offshore Labrador exploration licence towards acquiring a joint venture partner and the acquisition of new seismic data.

With the recent addition of Nalcor Energy as operator at Parsons Pond, it is expected that drilling activity will commence in late 2009 or early 2010. The Company plans on participating in this drill program.

The Company is also evaluating the merits of its potash and salt discoveries in the Flat Bay area. The Company has an extensive seismic database, which is very effective in delineating evaporitic rocks, which contain salt and potash.

1.5 SUMMARY OF QUARTERLY RESULTS

	Sept 30/09	Jun 30/09	Mar 31/09	Dec 31/08	Sept 30/08	Jun 30/08	Mar 31/08	Dec 31/07
Total Revenue (\$)	24,226	496	70,562	4,497	4,569	3,833	4,200	73,601
Net (Loss) Income (\$)	(15,116)	(124,294)	(62,845)	42,041	(186,778)	(551,041)	(138,309)	(1,138,856)
Net Loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.03)

Total revenues quarter over quarter is limited to interest income earned every period and mineral option payments recognized for March 31, 2009 of \$70,000, December 31, 2007 of \$62,070 and

revenue from the use of the Company's drilling rig in Q3 2009 of \$24,000. The net income in December 2008 relates to some stock-based compensation costs being capitalized and reimbursement of costs from partners. The increased net loss in June 2008 relates to stock-based compensation expenses as a result of the fair market value of the issuance of stock options in the quarter of which \$157,569 was capitalized at year-end. The increased net loss in December 2007 relates to the write down of some of the Company's mineral and petroleum and natural gas properties.

1.6 LIQUIDITY

At quarter-end, the Company had current assets of \$1,113,652 of which \$645,887 is cash and cash equivalents. This cash is readily available and is not subject to subprime debt issues nor asset backed commercial debt. Due to the agreement with Investcan (see 1.4), there are sufficient funds to carry out the estimated capital expenditures for 2009 related to Bay St. George and due to the financing in November 2009, there are sufficient funds for the estimated capital expenditures for Parsons Pond and the Company has adequate working capital. There are flow-through obligations for 2009 related to the December 2008 financing of \$160,000.

The Company has no long-term debt and as such is not sensitive to interest rate fluctuation on debt instruments. The Company has no unpaid accrued or contingent liabilities that could materially affect its financial position except for the item disclosed in the notes to the consolidated financial statements. The Company is required to post refundable security deposits with the Government of Newfoundland and Labrador for drilling and other petroleum operations in Western Newfoundland. The Company's cash is held in bank accounts with no exposure to equity market fluctuations.

Currently, the Company has no production revenue from petroleum and natural gas or minerals. Further issuance of equity and joint venturing will be required to carry on the business of the Company in the longer term. Because of volatility in the equity and commodity markets there is no guarantee either source of funding will be available in the future.

1.7 CAPITAL RESOURCES

The Company carries out exploration on petroleum permits and mineral licenses 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. In the following table, most of the work obligations have been fulfilled by virtue of carrying forward excess work carried out in previous years on the permits and licenses. In any other case, the status of the work commitment is indicated.

Tenure Instrument	Status	Comment
Petroleum Permits		
Permit 96-105	Subject to lease conversion	2004-2009 drilling and seismic program has advanced lease conversion process
Permit 03-106	Good Standing	Security deposit refunded – development plan to be filed by February 12, 2010
Permit 03-107	Good Standing	Security deposit refunded – development plan to be filed by February 12, 2010
Mineral Licences		
		Work Obligations
015834M	Subject to Nortec option-TL	\$262,800 by September 11, 2018
008838M	Good Standing – Bay St. George	\$165,489 by June 10, 2013
006107M	Good Standing – Bay St. George	\$72,000 by June 8, 2016
010069M	Good Standing – Bay St. George	\$21,655 by April 12, 2011

Tenure Instrument	Status	Comment
011159M	Good Standing – Bay St. George	\$61,620 by August 1, 2011
011160M	Good Standing – Bay St. George	\$136,958 by August 1, 2016
012501M	Good Standing – Bay St. George	\$120,444 by September 18, 2012
012502M	Good Standing – Bay St. George	\$28,318 by September 18, 2011
012504M	Good Standing – Bay St. George	\$102,083 by September 18, 2014
012669M	Good Standing – Bay St. George	\$73,533 by October 27, 2014
014138M	Good Standing - Kingurutik, Labrador	\$55,477 by Nov. 15, 2012
015032M	Good Standing - Lac Pilliamet, Labrador	\$20,933 by June 9, 2010
015033M	Good Standing - W. Siugak Brook, Labrador	\$9,860 by June 9, 2010

The Company also owns non-operating working interests in petroleum permits 03-101, 03-102 and 03-103 at Parsons Pond (see 1.4 above). Permit 03-103 is in good standing until February 2010 by virtue of previous drilling. Permit 03-101 and 03-102 have been extended to February 2010 by virtue of well bonds posted with the Government of Newfoundland and Labrador. A drilling program is expected to be commenced prior to February 12, 2010 at Parsons Pond which should extend the term of the permits.

There are no sources of financing currently identified by the Company that are unused (i.e., lines of credit or similar instruments).

1.8 OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

1.9 TRANSACTIONS WITH RELATED PARTIES

During the quarter, the Company paid premises rent aggregating \$6,000 (2008: \$6,000) to a private company owned and controlled by the President and a director of the Company. As well, he received \$45,000 (2008: \$45,769) in management fees.

Directors' fees were paid during the period of \$10,000 (2008 - \$10,000). Included in accounts payable and accrued liabilities are directors' fees payable of \$Nil (2008 - \$Nil) and management fees due to the President of \$6,923 (2008 – \$3,912).

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.

1.10 PROPOSED TRANSACTIONS

There are no material proposed transactions relating to any asset or business acquisition or disposition being considered by management except that described in 1.4 above. The Company through its normal course of business solicits partners for some of its exploration prospects, both petroleum and minerals.

1.11 CRITICAL ACCOUNTING ESTIMATES

Any critical accounting estimates are disclosed in the consolidated financial statements.

1.12 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

In February 2008, the CICA issued Section 3064, “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Other Intangible Assets”, and Section 3450, “Research and Development Costs”. This section provides more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The section increases harmonization of Canadian standards with international financial reporting standards and applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The Company has determined there is no potential impact on its consolidated statements.

Effective January 1, 2009, the Company adopted CICA Emerging Issue Committee Abstract (“EIC”) 173 “*Credit Risk and the Fair Value of Financial Assets and Liabilities*”. EIC 173 recommends that the determination of fair value of financial assets and liabilities take into account a company’s credit risk as well as the credit risk of the counterparty. The adoption of EIC 173 had no material impact on the Company’s financial statements.

In February 2008, the CICA Accounting Standards Board confirmed the changeover to International Financial Reporting Standards (“IFRS”) from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has prepared a plan for the conversion to IFRS and is currently reviewing the impact on the Company's consolidated financial statements.

1.13 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company’s assets include cash and cash equivalents. These cash equivalents include a bank account and a treasury account.

The Company received 1,200,000 shares (initially valued at \$63,600) in Nortec Ventures Corp., a public company pursuant to a mineral property option agreement dated May 30, 2003 and 200,000 shares (initially valued at \$60,000) pursuant to another mineral property option agreement dated July 30, 2008. The shares have been valued as an investment of \$168,000 on the balance sheet at September 30, 2009. 1,200,000 of these shares are currently free trading (200,000 became free trading on October 25, 2009). The Company may sell those shares at its discretion in context of the market value and prospects for Nortec Ventures Corp.

The Company currently holds 17,964,372 shares in NWest (of which 11,928,049 are currently held in escrow, 5,875,009 to be released December 2009 and the remainder December 2010) and has recorded the shares at market of \$2,515,012 on the balance sheet at September 30, 2009. The Company may sell those free trading shares at its discretion in context of the market value and prospects for NWest. The Company also holds 161,314 warrants in NWest which are exercisable at \$0.75 up to December 2009 which have been fair valued at \$Nil at September 30, 2009.

During 2007, the Company received 150,000 shares (initially valued at \$93,000) in Commander Resources Ltd., a public company; pursuant to a mineral property letter agreement dated February 27, 2007. The shares have been valued as an investment of \$34,500 on the balance sheet at September 30, 2009. The Company may sell those shares at its discretion in context of the market value and prospects for Commander Resources Ltd.

1.14 SHARE CAPITAL

As of the date of this management discussion and analysis the Company has 44,562,301 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.

At the end of the period, the Company had outstanding 3,900,000 options (468,750 options were not vested) to purchase voting common shares consisting of the following:

Date Issued	Number	Exercise Price	Details
February 2, 2005	500,000	\$0.35	Director's Options, Expiry February 2, 2010
June 22, 2006	500,000	\$0.40	Director's Options, Expiry June 22, 2011
June 26, 2007	200,000	\$0.65	Director's Options, Expiry June 26, 2012
September 26, 2007	900,000	\$0.50	Directors' Options, Expiry Sept. 26, 2012
May 9, 2008	50,000	\$0.70	Employee Options Expiry May 9, 2010
June 27, 2008	900,000	\$1.00	Employee & Directors' Options Expiry June 27, 2013
October 23, 2008	200,000	\$0.60	Employee Options, Expiry Oct. 23, 2011
April 22, 2009	425,000	\$0.45	Director's Options, Expiry April 22, 2014
April 22, 2009	175,000	\$0.45	Employee Options, Expiry April 22, 2012
September 3, 2009	50,000	\$0.70	Employee Options, Expiry September 3, 2012

There were no warrants outstanding at the end of the period.

1.15 ADDITIONAL INFORMATION

All corporate disclosure documents are filed on www.sedar.com. Copies of the documents referred to herein are available to any person upon request. Additional information regarding the Company's projects and activities are available at www.vulcanminerals.ca.

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, Deloitte & Touche LLP, have not performed a review of these financial statements.

VULCAN MINERALS INC.
Consolidated Balance Sheets
As at

	September 30, 2009 (unaudited)	December 31, 2008 (audited)
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	645,887	884,053
Accounts receivable	250,561	58,863
Prepaid expenses	15,254	18,330
Deposits	201,950	220,650
	1,113,652	1,181,896
Deposits	100,000	100,000
Investments (Note 6)	2,717,512	2,982,122
Minerals properties (Note 7)	85,633	83,602
Petroleum and natural gas properties (Note 8)	5,743,386	5,495,109
Equipment (Note 9)	163,409	209,039
	9,923,592	10,051,768
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 16)	197,426	97,299
Other accrued liability (Note 18)	221,878	221,878
	419,304	319,177
Deferred option payments (Note 10)	124,000	130,000
Asset retirement obligations (Note 11)	60,921	60,921
Future income taxes (Note 12 (a))	59,285	105,931
	663,510	616,029
Shareholders' Equity		
Share capital (Note 13 (a) and (b))	13,091,986	12,968,316
Warrants (Note 13(d))	-	312,618
Contributed surplus (Note 13 (e))	2,091,512	1,624,793
Deficit	(7,608,300)	(7,406,045)
Accumulated other comprehensive income	1,684,884	1,936,057
	9,260,082	9,435,739
	9,923,592	10,051,768

Nature of operations and continuation of the business (Note 1)

Approved by the Board of Directors,

Patrick J. Laracy ("signed") **Director**

Rex Gibbons ("signed") **Director**

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Consolidated Statements of Loss and Deficit

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue				
Interest and other income	24,226	4,569	25,284	12,602
Option payments	-	-	70,000	-
	24,226	4,569	95,284	12,602
Expenses				
General and administrative (Note 16)	(18,939)	150,040	154,935	486,117
Stock-based compensation	27,104	64,438	164,331	530,813
Amortization	25,508	1,302	28,486	3,350
Decrease in fair value of share purchase warrants	35	17,553	274	17,217
	33,708	233,333	348,026	1,037,497
Net loss before income taxes	(9,482)	(228,764)	(252,742)	(1,024,895)
Income taxes				
Other tax expense (Note 12 (b))	-	-	(1,796)	-
Future income taxes recovery (Note 12 (b))	(5,634)	41,986	52,283	148,767
	(5,634)	41,986	50,487	148,767
Net loss	(15,116)	(186,778)	(202,255)	(876,128)
Deficit, beginning of year	(7,593,184)	(7,261,308)	(7,406,045)	(6,571,958)
Deficit, end of year	(7,608,300)	(7,448,086)	(7,608,300)	(7,448,086)
Net loss per share - basic and diluted (Note 2 (n))	0.00	0.00	0.00	(0.02)
Weighted-average number of common shares outstanding -				
basic and diluted	44,562,301	43,461,040	44,383,305	42,486,643

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Consolidated Statements of Cash Flows

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating activities				
Interest receipts	226	4,569	1,284	12,602
Operating payments	(309,444)	(199,683)	(115,971)	(848,218)
	(309,218)	(195,114)	(114,687)	(835,616)
Financing activities				
Issuance of shares	-	110,000	102,700	1,213,750
Share issuance costs	(130)	(157)	(130)	(97,834)
	(130)	109,843	102,570	1,115,916
Investing activities				
Acquisition of investments	-	-	-	(181,457)
Options payments received	-	-	30,000	-
Mineral properties expenditures	-	(694)	(1,149)	(3,694)
Petroleum and natural gas properties expenditures	222,980	-	(253,592)	(481,028)
Acquisition of equipment	(250)	-	(1,308)	(10,315)
	222,730	(694)	(226,049)	(676,494)
Cash inflow (outflow)	(86,618)	(85,965)	(238,166)	(396,194)
Cash and cash equivalents, beginning of period	732,505	829,037	884,053	1,139,266
Cash and cash equivalents, end of period	645,887	743,072	645,887	743,072
Cash and cash equivalents is comprised of:				
Deposits with banks	732,505	743,072	732,505	743,072
	732,505	743,072	732,505	743,072

Supplemental cash flow information (Note 15)

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.
Consolidated Statements of Comprehensive Income (Loss)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net loss	(15,116)	(186,778)	(202,255)	(876,128)
Other comprehensive income:				
Unrealized gain (loss) on available-for-sale financial assets, (net of tax of \$47,116; 2008 - \$217,140)	(108,469)	(3,498,653)	(251,173)	(1,146,611)
Comprehensive income (loss)	(123,585)	(3,685,431)	(453,428)	(2,022,739)

VULCAN MINERALS INC.
Consolidated Statements of Accumulated Other Comprehensive Income
As at September 30

	2009	2008
	\$	\$
Accumulated other comprehensive income, beginning of period	1,936,057	6,414,899
Other comprehensive (loss) income	(251,173)	(1,146,611)
Accumulated other comprehensive income, end of period	1,684,884	5,268,288

See accompanying notes to the consolidated financial statements

VULCAN MINERALS INC.

Notes to the Consolidated Financial Statements

September 30, 2009 and 2008

1. NATURE OF OPERATIONS AND CONTINUATION OF THE BUSINESS

Vulcan Minerals Inc. (the "Company") 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.

These financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The success of the Company and the recoverability of exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to fund and complete the development of such reserves, the ability of the Company to satisfy obligations as they come due and upon future profitable production from the properties or proceeds from disposition. The amounts shown as mineral and petroleum and natural gas properties represent net costs to date less any write-offs and do not necessarily represent present or future values. At September 30, 2009, the Company had an accumulated deficit of \$7,608,300 (year ended December 31, 2008 - \$7,406,045).

The Company is in the process of exploring its mineral and petroleum and natural gas properties and has not yet determined whether these properties contain economically recoverable reserves. The recovery of expenditures on these properties and the related deferred mineral exploration expenditures and capitalized petroleum and natural gas costs are dependent upon the existence of economically recoverable mineralization and reserves, the ability of the Company to obtain financing necessary to complete the exploration and the development of the mineral and petroleum and natural gas properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition. If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported loss and balance sheet classifications used.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries. Intercompany transactions have been eliminated upon consolidation.

b) Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks and guaranteed investment certificates with original maturities of three months or less.

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Deposits

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

d) Mineral properties

The amount shown for mineral properties includes the direct costs of acquiring, maintaining, exploring and developing properties and other costs directly related to specific properties. All other costs, including administrative overhead, are expensed as incurred.

Management periodically reviews the carrying values of mineral properties with internal and external mining professionals. A decision to abandon, reduce or expand activity on a specific project is based upon many factors including general and specific assessments of mineral reserves, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases, and the general likelihood that the Company will continue exploration on the project. The Company does not set a pre-determined holding period for properties with unproven reserves. However, properties, which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program, are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against operations in the year of abandonment or determination of impairment of value. The amounts recorded as mineral properties and deferred exploration costs represent unamortized costs to date and do not necessarily reflect present or future values.

The accumulated costs of mineral properties that are developed to the stage of commercial production will be amortized to operations on a unit-of-production basis over economically recoverable reserves.

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Petroleum and natural gas properties

Capitalized costs

The Company follows the full cost method of accounting for petroleum and natural gas expenditures. All costs related to the acquisition, exploration, and development of petroleum and natural gas reserves are initially capitalized. Costs capitalized include land acquisition costs, geological and geophysical expenditures, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, together with overhead and interest directly related to acquisition, exploration and development activities and lease and well equipment. Gains and losses are not recognized upon disposition of petroleum and natural gas properties, unless such a disposition would alter the rate of depletion and depreciation by 20% or more.

Amortization

Costs capitalized will be amortized using the unit-of-production method based on the estimated gross proved reserves before royalties, as will be determined by independent engineers. Petroleum and natural gas reserves and production are converted into equivalent units based on their estimated relative energy content at a ratio of six thousand cubic feet of natural gas to one barrel of oil. The cost of unproved properties are excluded initially from costs subject to amortization until it is determined whether or not proved reserves are attributable to the properties or impairment has occurred. These unproved properties are assessed regularly to ascertain whether impairment has occurred.

Ceiling test

The Company will perform a ceiling test for each cost centre in a two-stage test performed at least annually to determine whether the carrying amount of petroleum and natural gas properties is recoverable and that it does not exceed the fair value of properties as follows:

- (i) Impairment is recognized if the carrying value of the petroleum and natural gas properties less accumulated amortization, related asset retirement obligations and the lesser of cost and fair value of unproved properties exceeds the estimated future cash flows from proved petroleum and natural gas reserves, on an undiscounted basis, using forecast prices and costs. Future cash flows are calculated before interest, general and administrative expenses and income taxes.
- (ii) If an impairment is indicated by applying the calculations described in (i) above, the Company measures the amount of the impairment by comparing the carrying value of the petroleum and natural gas properties less accumulated amortization, related asset retirement obligations and the lesser of cost and fair value of unproved properties to the estimated future cash flows from proved and probable petroleum and natural gas reserves, discounted at the Company's risk-free rate of interest, using forecast prices and costs. Any impairment recognized will be recorded as additional amortization.

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Equipment

Equipment is recorded at cost. Amortization is based on their estimated useful life using the declining balance method at rates ranging from 20% to 30% per annum.

g) Deferred option payments

The Company records the proceeds from option payments on its properties as a deferred liability. Should the party purchasing the option exercise their option to purchase an interest in the Company's property, the Company will record the option payments as part of the proceeds of disposition from the property in the year that the option is exercised. Should the party purchasing the option not exercise their rights within the agreed upon time frame, the Company will record the option payments previously received as a credit against mineral properties to reduce the balance and the remainder of the balance, if any, to income in the year that the option rights expire.

h) Asset retirement obligations

The Company recognizes a liability for retirement obligations associated with long-lived assets, which includes the abandonment of petroleum and natural gas wells, related facilities, compressors and plants, removal of equipment from leased acreage and returning such land to its original condition.

The Company recognizes the fair value of the liability for an asset retirement obligation in the period in which it is incurred and records a corresponding increase in the carrying value of the related long-lived asset. Fair value is determined through a review of engineering studies, industry guidelines, and management estimates. Fair value is estimated using the present value of the estimated future cash outflows to abandon the asset at the Company's credit adjusted risk-free interest rate. The liability is subsequently adjusted for the passage of time, and is recognized as an accretion expense in the consolidated statements of loss. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. The increase in the carrying value of the asset is amortized using the unit-of-production method based on estimated gross proved reserves as determined by independent engineers.

i) Revenue recognition

Revenue from the sale of petroleum and natural gas will be recognized based on volumes delivered to customers at contractual delivery points and rates, when all contractual obligations have been met and collection is reasonably assured. The costs associated with the delivery, including operating and maintenance costs, transportation, and production-based royalty expenses will be recognized in the same period in which the related revenue is earned and recorded.

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

k) Stock-based compensation

The Company uses the fair value method to measure compensation expense at the date of grant of stock options to employees. The fair value of options is determined using the Black-Scholes option pricing model and is amortized to earnings over the vesting period with an offset to contributed surplus. When options are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

l) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted and substantively enacted income tax rates for the years in which the differences are expected to reverse. Future income tax assets are recognized to the extent it is more likely than not they will be realized.

m) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to valuation of mineral and petroleum and natural gas properties, the determination of asset retirement obligations, the determination of the valuation allowance for income tax assets, rates for depletion and amortization, recoverability of accounts receivable, contingent liabilities and valuation of warrants and options. Actual results could differ from these estimates.

n) Loss per share

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

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Financial Instruments

The Company has implemented the following classifications:

Cash and cash equivalents are classified as "financial assets held for trading" and any adjustments to fair value are reflected in net income for each period.

Accounts receivable are classified as "loans and receivables" and subsequent to their initial fair value measurement, they are measured at amortized cost using the effective interest rate method which generally corresponds to cost, due to the short-term nature of the financial asset.

Accounts payable and accrued liabilities are classified as "other liabilities" and subsequent to their initial fair value measurement, they are measured at amortized cost using the effective interest rate method which generally corresponds to cost, due to the short-term nature of the financial liabilities.

Investments are classified as "available-for-sale-investments". A gain or loss on available-for-sale investments is recognized directly in other comprehensive income until the investment is sold or considered permanently impaired, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net income (loss) for the period. For investments carried at amortized cost, a gain or loss is recognized in net income (loss) when the investment is impaired, and through the amortization process. Any impairments that would be considered other than temporary would result in a realized gain or loss in the statement of loss.

The Company holds share purchase warrants which are considered derivative financial instruments and have been designated as held-for-trading and are measured at fair value. A gain or loss on held-for-trading investments is recognized on the statement of loss as an increase or decrease in the fair value. The warrants in a public company as per note 6 were accounted for using the Black-Scholes pricing method at September 30, 2009 with realized fair value adjustments reflected in the statement of loss and deficit for each period.

Transaction costs are included in the initial carrying amount of financial instruments, except for held for trading items which are expensed as incurred.

The Company has determined that it does not have derivatives or embedded derivatives.

3. CHANGE IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This section provides more specific guidance on the recognition of internally developed intangible assets and requires that research and development expenditures be evaluated against the same criteria as expenditures for intangible assets. The Section increases harmonization of Canadian

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

3. CHANGE IN ACCOUNTING POLICIES (continued)

Goodwill and Intangible Assets (continued)

standards with international financial reporting standards and applies to annual and interim financial statements beginning January 1, 2009. The Company has determined there is no potential impact on its consolidated statements.

Credit Risk and the Fair Value of Financial Assets and Liabilities

Effective January 1, 2009, the Company adopted CICA Emerging Issue Committee Abstract ("EIC") 173 "*Credit Risk and the Fair Value of Financial Assets and Liabilities*". EIC 173 recommends that the determination of fair value of financial assets and liabilities take into account a company's credit risk as well as the credit risk of the counterparty. The adoption of EIC 173 had no material impact on the Company's financial statements.

4. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards "(IFRS)" by the end of 2011. The Company has prepared a plan for the conversion to IFRS and is currently reviewing the impact on the Company's consolidated financial statements.

5. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2008.

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

6. INVESTMENTS

	30-Sep-09	31-Dec-08
	\$	\$
Investments	2,717,512	2,982,122

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 (December 31, 2008 - \$89,600). At September 30, 2009, the market value of the shares is \$168,000 (December 31, 2008 - \$100,000).

Shares in a public company in which the Company transferred its interest in an offshore exploration license with a cost of \$497,223 (December 31, 2008 - \$497,223). At September 30, 2009, the market value of the shares is \$2,515,012 (December 31, 2008 - \$2,874,300). Of the 17,964,372 shares owned by the Company, 11,928,049 are held in escrow with 5,875,009 to be released December 2009 and the remainder December 2010.

Shares in a public company received as consideration for option payments on mineral claims and recorded at a cost of \$93,000 (December 31, 2008 - \$93,000). At September 30, 2009, the market value of the shares is \$34,500 (December 31, 2008 - \$7,500).

Investments, classified as held for trading, consist of:

Warrants to purchase 161,314 shares at \$0.75 in a public company purchased as part of a private placement with a cost of \$34,891. At September 30, 2009, the fair value of the warrants was \$0.01 (December 31, 2008 - \$322)

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

7. MINERAL PROPERTIES

The Company has sixteen mineral licenses, which consists of 2,055 claims, which are active and in good standing with the Department of Mines and Energy in the Province of Newfoundland and Labrador. A summary of the costs of these licenses is as below.

	30-Sep-09			31-Dec-08		
	Balance, Beginning of Year \$	Additions \$	Balance, End of Period \$	Balance, Beginning of Year \$	Additions \$	Balance, End of Year \$
Property acquisition costs	129,161	-	129,161	129,161	-	129,161
Exploration costs	442,633	2,031	444,664	396,468	46,165	442,633
Options payments received	(53,181)	-	(53,181)	(53,181)	-	(53,181)
Cost of abandoned properties	(435,011)	-	(435,011)	(435,011)	-	(435,011)
	83,602	2,031	85,633	37,437	46,165	83,602

\$883 (December 31, 2008 - \$40,562) of the current year additions related to stock-based compensation costs capitalized to minerals properties.

8. PETROLEUM AND NATURAL GAS PROPERTIES

The Company has three exploration permits, which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. A summary of the costs of these permits is as below.

	30-Sep-09			31-Dec-08		
	Balance, Beginning of Year \$	Additions \$	Balance, End of Period \$	Balance, Beginning of Year \$	Additions \$	Balance, End of Year \$
Petroleum and exploration costs	9,151,842	248,277	9,400,119	8,884,513	267,329	9,151,842
Cost of abandoned properties	(3,656,733)	-	(3,656,733)	(3,656,733)	-	(3,656,733)
	5,495,109	248,277	5,743,386	5,227,780	267,329	5,495,109

Amounts not subject to amortization are \$5,743,386 (December 31, 2008 - \$5,495,109). There is no amortization recorded to date. All properties are unproven properties. \$62,787 (December 31, 2008 -

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

8. PETROLEUM AND NATURAL GAS PROPERTIES (continued)

\$117,006) of the current year additions related to stock-based compensation costs capitalized to petroleum and natural gas properties.

In February 2008, the Company entered into an agreement with Investcan Energy Corporation (“Investcan”), transferring 50% working interest in the Company’s petroleum permits 96-105, 03-106, and 03-107 onshore Bay St. George, Western Newfoundland. Pursuant to the agreement, the Company received a cash payment of \$51,000 plus a commitment by Investcan to incur \$15,000,000 in exploration expenditures to January 31, 2010 (carrying the Company for this first \$15,000,000 of expenditures). The Company is the operator for this project; as expenditures are incurred, they are also reduced on the Company’s balance sheet to reflect the carry by Investcan such that there are no additions to the Company’s assets. Once expenditures reach \$15,000,000, expenditures will be shared 50/50. As at September 30, 2009, \$9,264,421 has been spent.

9. EQUIPMENT

	30-Sep-09			31-Dec-08		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Drilling rig	638,406	492,183	146,223	638,406	449,730	188,676
Other equipment	41,775	24,589	17,186	40,467	20,104	20,363
	680,181	516,772	163,409	678,873	469,834	209,039

\$468,183 of amortization of the drilling rig (December 31, 2008 - \$449,730) has been capitalized to Petroleum and Natural Gas Properties; \$24,000 has been expensed (December 31, 2008 - \$Nil) offsetting the revenue earned by the use of the drilling rig.

10. DEFERRED OPTION PAYMENTS

	30-Sep-09	31-Dec-08
	\$	\$
TL mineral property	124,000	130,000

In May 2003, the Company entered into an option agreement with Nortec Ventures Corp. (“Nortec”) in relation to the Company's TL mineral property. Nortec has an option to earn an initial 51% interest in the property over a five year period by incurring exploration expenditures of \$1,500,000 and by making option payments of 700,000 common shares and \$100,000 cash. As at September 30, 2009, 700,000 common shares having a market value of \$34,500 at the time of their issuance and \$100,000 cash have been received. \$124,000 (December 31, 2008 - \$130,000) received as of September 30, 2009 has been recorded as deferred option payments. In March, Nortec earned its 51% interest; the Company has allowed Nortec to increase its interest to 75% by making additional option payments and incurring additional exploration expenditures. If Nortec acquires 75% interest, the Company can retain

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

10. DEFERRED OPTION PAYMENTS (continued)

its 25% interest or allow Nortec to increase its interest to 90% by making additional option payments and incurring additional exploration expenditures. When Nortec's interest is 90%, the Company's 10% will convert to a 2.5% net smelter royalty.

On July 30, 2008, the Company entered into an option agreement with Nortec in relation to the Company's Kingurutik River mineral property. Nortec had an option to earn an initial 51% interest in the property over a four-year period by incurring exploration expenditures of \$1,500,000 and by making option payments of 3,000,000 common shares and \$200,000 cash. In February 2009, the Company received notice from Nortec that they are withdrawing from this option agreement. As at September 30, 2009, 200,000 common shares having a market value of \$60,000 at the time of their issuance and \$10,000 cash have been received. \$Nil (December 31, 2008 - \$70,000) has been recorded as deferred option payments; \$70,000 previously recorded as deferred option payments has been taken into income.

11. ASSET RETIREMENT OBLIGATIONS

The Company estimates the total undiscounted cash flows required to settle its asset retirement obligations at September 30, 2009 is \$62,500 (December 31, 2008 - \$62,500) which will be incurred between 2009 and 2011 and is adjusted based on the credit adjusted risk-free rates of 2.59% - 2.82% (December 31, 2008 - 2.59% - 2.82%) to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligation is provided below:

	30-Sep-09	31-Dec-08
	\$	\$
Balance, beginning of year	60,921	56,011
Liabilities incurred	-	-
Liabilities settled and changes in estimated cash flows	-	2,262
Accretion expense	-	2,648
Balance, end of period	60,921	60,921

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

12. INCOME TAXES

a) Future income taxes

The components of the future income tax liability are as follows:

	30-Sep-09	31-Dec-08
	\$	\$
Temporary differences related to assets and liabilities	(415,284)	(382,409)
Tax effect of unrealized gain on available-for sale financial assets	(313,047)	(360,215)
Share issuance costs	25,229	44,871
Non-capital loss carryforwards	623,713	571,718
Asset retirement obligations	20,104	20,104
Recognized future tax liability	(59,285)	(105,931)

b) Income tax rates

Other tax expense of \$1,796 (December 31, 2008 - \$Nil) consists of Part XII.6 tax related to the renunciation of flow-through shares.

Income taxes differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 33% (December 31, 2008 – 33.5%) to loss before income taxes as follows:

	30-Sep-09	31-Dec-08
	\$	\$
Expected tax recovery	(111,693)	(347,803)
Stock-based compensation costs	54,229	125,037
Non-capital losses expired	-	-
Effect of changes in rates for temporary differences & other items	5,181	18,634
Future income taxes recovery	(52,283)	(204,132)

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

12. INCOME TAXES (continued)

c) Non-capital losses

The Company has non-capital losses amounting to \$1,890,040, which is available to reduce future taxable income. These non-capital losses expire as follows:

<u>Year of Expiry</u>	<u>Tax Loss</u>
	\$
2009	64,091
2010	97,291
2014	183,776
2015	268,193
2026	291,120
2027	397,921
2028	504,774
2029	82,874
	<u>1,890,040</u>

The Company also has available the following other tax pools, which may be deducted in determining taxable income of future years:

	\$
Canadian exploration expense	3,393,888
Canadian development expense	168,385
Canadian oil and gas petroleum expense	33,498

VULCAN MINERALS INC.
Notes to the Consolidated Financial Statements
September 30, 2009 and 2008

13. SHARE CAPITAL

a) Authorized

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

b) Issued and outstanding

	30-Sep-09		31-Dec-08	
	Number	Stated Value \$	Number	Stated Value \$
Common Shares				
Balance, beginning of year	44,229,301	12,968,316	41,169,634	11,740,697
Issued pursuant to private placements (Note 13(c))	-	-	2,306,667	885,000
Exercise of warrants (Note 13 (d))	-	-	200,000	100,000
Exercise of stock options (Note 14 (a))	333,000	102,700	325,000	113,750
Fair value of warrants and stock options	-	73,900	-	94,250
Purchase of GORR (Note 13(b))	-	-	228,000	118,920
Share issuance cost, net of tax benefits of \$Nil (2008 - \$24,659)	-	(130)	-	(84,301)
Tax benefits renounced on flow-through shares	-	(52,800)	-	-
Balance, end of period	44,562,301	13,091,986	44,229,301	12,968,316

c) Private placements

Pursuant to a flow-through private placement dated December 24, 2008, the Company issued 640,000 common shares at \$0.25 per common share for aggregate proceeds of \$160,000.

Pursuant to a private placement dated May 7, 2008, the Company issued 1,666,667 units at \$0.60 per unit for aggregate proceeds of \$1,000,000 (less \$275,000 attributed to the fair value of warrants). Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.80 per share until May 7, 2009. A finder's fee was paid in the form of cash of \$63,000 and 105,000 warrants to purchase 105,000 common shares of the Company at \$0.80 until May 7, 2009. The warrants were valued at \$0.33 per warrant using the Black-Scholes option pricing model, using expected volatility of 89% and a risk-free interest rate of 2.79%. These warrants expired unexercised on May 7, 2009.

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13. SHARE CAPITAL (continued)

d) Warrants

A summary of the status of the Company's common share purchase warrants and agent's warrants are as follows:

	30-Sep-09		31-Dec-08	
	Number of	Weighted-	Number of	Weighted-
	Warrants	Average	Warrants	Average
		Exercise Price		Exercise Price
		\$		\$
Outstanding, beginning of year	969,586	0.79	231,250	0.57
Issued	-		938,336	0.80
Expired	(969,586)	0.79	-	
Exercised	-		(200,000)	0.50
Outstanding, end of period	-	0.00	969,586	0.79

	30-Sep-09	31-Dec-08
	\$	\$
Balance, beginning of year	312,618	32,968
Fair value of warrants granted	-	309,650
Transferred to share capital upon exercise of warrants	-	(30,000)
Transferred to contributed surplus upon expiry of warrants	(312,618)	-
Balance, end of period	-	312,618

At September 30, 2009, there are no warrants to purchase common shares outstanding.

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13. SHARE CAPITAL (continued)

(e) Contributed surplus

A summary of contributed surplus is as follows:

	30-Sep-09	31-Dec-08
	\$	\$
Balance, beginning of year	1,624,793	1,158,230
Fair value of stock options granted	228,001	530,813
Transferred to share capital upon exercise of options	(73,900)	(64,250)
Transferred to contributed surplus upon expiry of warrants	312,618	-
Balance, end of period	2,091,512	1,624,793

14. STOCK-BASED COMPENSATION

a) Stock options

The Company 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 shall be 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:

	30-Sep-09		31-Dec-08	
	Number of	Weighted-	Number of	Weighted-
	Options	Average	Options	Average
		Exercise Price		Exercise Price
		\$		\$
Outstanding, beginning of year	3,800,000	0.60	2,950,000	0.44
Granted	650,000	0.47	1,200,000	0.92
Expired	(217,000)	0.72	(25,000)	0.45
Exercised	(333,000)	0.31	(325,000)	0.35
Outstanding, end of period	3,900,000	0.60	3,800,000	0.60
Granted but not vested	(468,750)	0.61	(481,250)	0.78
Outstanding and exercisable,				
end of period	3,431,250	0.59	3,318,750	0.57

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14. STOCK-BASED COMPENSATION (continued)

During the period ended September 30, 2009, contributed surplus of \$73,900 (December 31, 2008 - \$64,250) has been transferred to share capital upon the exercise of stock options and \$318,618 (December 31, 2008 - \$30,000) has been transferred from warrants upon the exercise or expiry of warrants.

At September 30, 2009 the following options to purchase common shares are outstanding:

Number	Exercise Price	Expiry Date
	\$	
500,000	0.35	February 2, 2010
500,000	0.40	June 22, 2011
200,000	0.65	June 26, 2012
900,000	0.50	September 26, 2012
50,000	0.70	May 9, 2010
900,000	1.00	June 27, 2013
200,000	0.60	October 23, 2011
175,000	0.45	April 22, 2012
425,000	0.45	April 22, 2014
50,000	0.70	September 3, 2012
3,900,000		

The weighted average remaining contractual life of outstanding options is 2.72 years (December 31, 2008 – 2.88 years).

(b) Fair value assumptions

The weighted-average fair value of stock options granted during the period ended September 30, 2009 and year ended December 31, 2008 was estimated on the dates of grant to be \$0.38 (December 31, 2008 - \$0.62) using the Black-Scholes option pricing model with the following weighted-average assumptions:

	30-Sep-09	31-Dec-08
Expected life (years)	4.79	4.61
Risk-free interest rate (%)	2.02	3.49
Expected volatility (%)	90	89
Expected dividend yield (%)	Nil	Nil

During the period ended September 30, 2009, compensation costs of \$164,331 (December 31, 2008 - \$373,245) have been expensed, \$883 (December 31, 2008 - \$40,562) have been capitalized to mineral properties, and \$62,787 (December 31, 2008 - \$117,006) capitalized to petroleum and natural gas properties, resulting in the recognition of \$228,001 (December 31, 2008 - \$530,813) in contributed surplus.

VULCAN MINERALS INC.
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15. SUPPLEMENTAL CASH FLOW INFORMATION

	30-Sep-09	31-Dec-08
	\$	\$
Non-cash investing and financing activities:		
Contributed surplus recognized upon the issuance of stock options recorded as:		
Stock-based compensation expenses	164,331	373,245
Addition to mineral properties	883	40,562
Addition to petroleum and natural gas properties	62,787	117,006
	228,001	530,813
Transfer of contributed surplus and warrants to share capital upon exercise of stock options and warrants	73,900	94,250
Changes in asset retirement obligations		
Accretion expense	-	2,648
Increase in petroleum and natural gas properties	-	2,262
Increase of asset retirement obligations	-	4,910

16. RELATED PARTY TRANSACTIONS

	30-Sep-09	31-Dec-08
	\$	\$
Items included in general and administrative expenses:		
Rent paid to a corporation which is controlled by the President of the Company	18,000	24,000
Management fees paid to the President of the Company	135,000	166,931
Directors fees paid (\$2,500 to each of four directors)	10,000	10,000
Items included in accounts payable and accrued liabilities:		
Management fees payable	6,923	3,912

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.

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17. FINANCIAL INSTRUMENTS

Fair values

The fair values of the Company's financial instruments approximate their carrying value due to the short-term to maturity of those instruments. Deferred option payments approximate fair value as payments recorded are either cash or shares. Shares are recorded based on market price at the date share certificates are received by the Company and updated quarterly based on current market price.

As at September 30, 2009, the carrying amount of financial instruments equals fair market value. The carrying amount of cash, accounts receivables, accounts payables and accrued liabilities and deposits, approximate their fair value due to their short-term nature.

Credit risk

The Company provides credit to its joint venture partners in the normal course of its operations. Management believes that the credit risk with respect to accounts receivable is remote.

Liquidity risk

To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board considers securing additional funds through equity or partnering transactions. The Company manages its liquidity risk by continuously monitoring forecasts and actual cash flows.

Although the Company has no operating cash flow, the Company's exploration project for 2009 is funded up to \$15,000,000 as per Note 8 which will allow the Company to complete its drilling project planned for 2009.

Commodity price risk

The recoverability of the Company's petroleum and natural gas and mineral properties is partially related to the market price of oil and gas and base metals. The Company does not hedge this exposure to fluctuations in commodity prices. Commodity price risk is remote since the Company is not a producing entity.

Interest rate risk

The Company's cash balances are held in bank accounts or invested in short-term deposit certificates. The Company has no debt. The Company believes its interest rate risk is not significant.

Foreign exchange risk

The parent company of the Company's joint venture partner for onshore Bay St. George is located in Paris, France. The majority of transactions for this joint venture are in Canadian funds. The Company believes its foreign exchange risk is minimal.

VULCAN MINERALS INC.
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17. FINANCIAL INSTRUMENTS (continued)

Market value

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.

Sensitivity Analysis

The Company's investments in public companies (Note 6) are listed on the TSX Venture Exchange and are classified as "available-for-sale" and measured at fair value. Changes in fair value are recognized in other comprehensive income until their disposition or their decline is other than temporary, at which time they are transferred to net income.

The Company also holds share purchase warrants in a public company listed on the TSX Venture Exchange which are classified as "held for trading" and are measured at fair value. These warrants were accounted for using the Black-Scholes pricing method with realized fair value adjustments reflected in the statement of loss and deficit for each period.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one-year period:

The Company's investments in public companies listed as "available-for-sale", is denominated in Canadian dollars. Sensitivity to a +/- 65-83% movement in the prices would affect comprehensive income (loss) by \$422,747 (net of tax of \$80,013).

The Company's investments in a public company listed as "held-for-trading", is denominated in Canadian dollars. Sensitivity to a +/- 72% movement in the prices would affect net income (loss) by \$56 (net of tax of \$11).

18. OTHER ACCRUED LIABILITY

The Company has received a claim by way of invoice from a subcontractor over drilling related costs. The Company believes its maximum exposure to be \$221,878 due to a third party partnering arrangement. Although the Company's position is that it is not responsible for the claim, this amount had been accrued under current liabilities in December 2005 and remains in current liabilities at September 30, 2009 under other accrued liability. Any resolution of this matter will be reflected as a recovery in the period in which it occurs.

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19. COMMITMENTS

In September 2008, the Company and Investcan Energy Corporation (“Investcan”) were the successful bidders (50/50) on Parcel #2 as per the Call for Bids NL07-2 for exploration licences offshore Labrador with a work commitment bid of \$9,601,000. This exploration licence confers the right to explore for petroleum for an initial Period I of six years with a possible additional period of three years. A refundable security deposit of \$2,400,250 has been posted to secure the exploration licence by Investcan. The Company’s obligation to pay 50% of the security deposit will be carried by Investcan for two years without dilution of the Company’s working interest in the exploration licence. If the Company assumes its 50% share of the security deposit at the end of two years, it shall preserve its 50% working interest in the exploration licence. If the Company does not assume its 50% share of the security deposit at the end of two years, Investcan shall carry the obligation up to an additional two years subject to a dilution of the Company’s interest in the licence up to a maximum of 22% (i.e.: the Company would maintain a minimum 28% working interest) at which time the Company will assume its share of the security deposit.

The Company currently has a lease of \$2,000 per month which is on a month-to-month term. Any party can terminate the lease with six months notice. Rent is payable to a company which is controlled by the President of the Company (see Note 16 for current year expenses).

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Dawn E. Bishop
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
Stewart McKelvey, St. John’s, NL

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

AUDITORS

Deloitte & Touche LLP

BANKERS

Scotiabank

HEAD OFFICE

333 Duckworth Street
St. John’s, NL, A1C 1G9
Tel: (709) 754-3186
Fax: (709) 754-3946

Website: www.vulcanminerals.ca

ADDITIONAL INFORMATION

Please contact, Gerri MacNeil
Tel: (709) 754-3186
e-mail: info@vulcanminerals.ca