



Interim Condensed Financial Statements

For the Three Months Ended September 30, 2017 and 2016

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

RED MOON RESOURCES INC.
(FORMERLY RED MOON POTASH INC.)
September 30, 2017 and 2016

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RED MOON RESOURCES INC.
(Formerly Red Moon Potash Inc.)
Condensed Statements of Changes in Shareholders' Equity
(Unaudited)

(in Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
		\$		\$
Operating expenses				
General and administrative expenses				
Management and subcontract fees	3,500	8,925	10,500	31,549
Transfer agent, regulatory and professional fees	4,522	4,537	15,135	13,648
Office and other	5,291	7,076	16,190	22,426
Directors' Fees				12,500
Write down- exploration and evaluation assets			6,450	
Conferences, travel and accommodation			6,065	1,138
Share-based compensation (Note 5)	1,398	2,665	4,194	22,923
	14,711	23,203	58,534	104,184
Other income				
Interest income		46	50	299
Net loss and comprehensive loss	(14,711)	(23,157)	(58,484)	(103,885)
Net loss per share - basic and diluted	(0.0003)	(0.001)	(0.001)	(0.002)
Weighted-average number of common shares outstanding - basic and diluted	48,050,004	48,050,004	48,050,004	48,050,004

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
(Formerly Red Moon Potash Inc.)
Condensed Statements of Changes in Shareholders' Equity
(Unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Warrants	Deficit	Total Shareholders' Equity
	\$	\$	\$	\$	\$
Balance, December 31, 2015	2,622,929	98,810	109,500	(736,704)	2,094,535
Net loss and comprehensive loss					
January 1, 2016 - September 30, 2016	-	-	-	(103,885)	(103,885)
Transfer to contributed surplus upon expiry of warrants		43,500	(43,500)		
Share-based compensation	-	25,878	-	-	25,878
Balance, September 30, 2016	2,622,929	168,188	66,000	(840,589)	2,016,528
Net loss and comprehensive loss					
Oct 1, 2016 - December 31, 2016				(37,246)	(37,246)
Transfer to contributed surplus upon expiry of warrants					-
Share-based compensation		2,779			2,779
Balance, December 31, 2016	2,622,929	170,967	66,000	(877,835)	1,982,061
Net loss and comprehensive loss					
January 1, 2017 - September 30, 2017				(58,484)	(58,484)
Share-based compensation		7,338			7,338
Balance, September 30, 2017	2,622,929	178,305	66,000	(936,319)	1,930,915

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
(Formerly Red Moon Potash Inc.)
Condensed Statements of Cash Flows
(Unaudited)

Nine Months Ended September 30

(in Canadian dollars)

	2017	2016
	\$	\$
Operating Activities		
Net loss	(58,484)	(103,885)
Adjustment for non-cash item:		
Share-based compensation	4,194	22,923
	(54,290)	(80,962)
Increase (decrease) in non-cash working capital	66,095	(21,380)
	11,805	(102,342)
Investing Activities		
Mineral exploration and evaluation assets	(69,068)	(41,675)
Increase in government grant receivable	2,587	-
Change in accounts payable- mineral exploration assets	24,264	(35,649)
Change in accounts receivable-mineral exploration assets	(10,208)	8,610
	(52,425)	(68,714)
(Decrease) in cash	(40,620)	(171,056)
Cash, beginning of period	65,833	245,276
Cash, end of period	25,213	74,220

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
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1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was formed on June 15, 2011 under the Alberta Business Corporations Act and was listed on the TSX Venture Exchange on August 17, 2012. Prior to listing on the TSX Venture Exchange, the Company was inactive. Its registered address is 333 Duckworth Street, St. John's, NL A1C 1G9. On November 14, 2016, the Company changed its name from Red Moon Potash Inc. to Red Moon Resources Inc. to more accurately reflect the nature of its operations.

Red Moon Resources Inc. (the "Company") is a junior mineral exploration company engaged in the acquisition, evaluation and exploration of mineral properties in Newfoundland and Labrador. The Company's immediate objectives are to define and develop industrial mineral deposits while providing its shareholders with an opportunity to participate in that industry. The Company plans to ultimately develop 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 its 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 contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due. The Company reflected a loss of \$14,711 for the three months ended September 30, 2017 (\$23,157-three months ended September 30, 2016) and a loss of \$58,484 for nine months ended September 30, 2017 (2016- \$103,885) and had an accumulated deficit of \$936,319 at September 30, 2017. The Company had no income or cash flow from operations at September 30, 2017 and had negative working capital of \$95,635. In addition to its on-going working capital requirements, the Company must secure sufficient funding to identify, acquire and maintain exploration licenses, to fund exploration and evaluation activities and to fund general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

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

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2. BASIS OF PRESENTATION

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

These financial statements have been prepared on an historical cost basis.

All dollar amounts are expressed in Canadian dollars.

These financial statements were approved and authorized for issuance by the Board of Directors on November 22, 2017.

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standard adopted by the Company

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

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

Standards and amendments not yet effective and not yet applied

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

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost and fair value through other comprehensive loss and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset or liability. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to

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3. NEW AND AMENED ACCOUNTING STANDARDS (continued)

account for expected credit losses from the time when financial instruments are first recognized and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

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

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

4. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 17 mineral licenses (2016 - 20) which consist of 625 claims (2016 – 1,015 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licenses are in the exploration and evaluation stage.

A summary of the costs of these licences is as follows:

	September 30, 2017			December 31, 2016		
	Balance, Beginning of Period	Additions	Balance, End of Period	Balance, Beginning of Year	Additions	Balance, End of Year
	\$	\$	\$	\$	\$	\$
Property acquisition costs	1,084,350	(6,450)	1,077,900	1,048,115	36,235	1,084,350
Exploration costs	869,988	78,662	948,650	861,471	8,517	869,988
	1,954,338	72,212	2,026,550	1,909,586	44,752	1,954,338

Property acquisition costs decreased by \$6,450 (December 31, 2016- \$36,235) due to the write down on security deposits and fees associated with expired licenses. Additions to mineral exploration costs in 2017 include share-based compensation of \$3,145 (Note 5) (December 31, 2016- \$3,997). Additions to mineral exploration and evaluation assets in 2017 have been reduced by a government grant of \$1,730 (December 31, 2016- \$9,809).

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5. SHARE-BASED COMPENSATION

a) Stock option plan

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

b) Stock options

A summary of stock options outstanding and exercisable is as follows:

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

The weighted average remaining contractual life of outstanding options is 1.73 years (December 31, 2016 – 2.57 years). The weighted average remaining contractual life of exercisable options is 1.23 years (December 31, 2016- 2.07 years).

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5. SHARE-BASED COMPENSATION (continued)

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

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

The Company recognized share-based compensation in the amount of \$7,339 in the nine months ended September 30, 2017 (\$25,878- nine months ended September 30, 2016). Share-based compensation in the amount of \$4,194 was expensed for the nine months ended September 30, 2017 (\$22,923- nine months ended September 30, 2016) and \$3,145 (September 30, 2016- \$2,955) was capitalized to mineral exploration and evaluation assets.

6. RELATED PARTY TRANSACTIONS

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Expenditures paid/payable to Vulcan Minerals Inc., parent of the Company and reflected as:				
Mineral exploration and evaluation assets	18,418	5,490	24,264	20,098
General and administrative expenses	3,500	5,175	10,500	20,008
Rent paid to a corporation which is controlled by the President of the Company	3,000	5,250	9,000	15,750

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

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of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

6. RELATED PARTY TRANSACTIONS (continued)

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

	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine months Ended September 30, 2017	Nine Months Ended September 30, 2016
			\$	\$
Management fees, salaries and benefits for key management personnel paid/payable to parent and				
included in Note 6 above, and reflected as				
General and administrative expenses	3,500	4,412	10,500	16,308
Mineral exploration and evaluation asse	993	1,906	2,708	5,469
Other fees paid directly by the Company:				
Management fee-other		3,750		11,250
Directors' fees		6,250		12,500
Share-based compensation				
General and administrative expense	1,398	2,665	4,194	22,923
Mineral exploration and evaluation assets	1,048	115	3,145	2,955
	6,939	19,098	20,547	71,405

Accounts payable and accrued liabilities include \$132,297 owing to parent company, Vulcan Minerals Inc. at September 30, 2017 (\$27,750 – December 31, 2016).

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Jennifer Button
Chief Financial Officer and Corporate
Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Carson Noel

William Koenig

EXCHANGE LISTING
TSX Venture – “RMK”

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

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada

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