



Interim Condensed Financial Statements

For the Three and Nine Months Ended
September 30, 2018 and 2017

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

RED MOON RESOURCES INC.

September 30, 2018 and 2017

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RED MOON RESOURCES INC.
Condensed Balance Sheets
(Unaudited)
As at September 30, 2018

(in Canadian dollars)

	September 30 2018	December 31 2017
	\$	\$
Assets		
Current assets		
Cash	61,076	28,609
Accounts receivable	66	7,153
Government grant receivable	-	14,401
Prepaid expenses	-	5,900
	61,142	56,063
Capital assets	1,225	1,750
Mineral exploration and evaluation (Note 4)	2,042,252	2,037,910
Total Assets	2,104,619	2,095,723
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	287,443	199,412
Total Liabilities	287,443	199,412
Shareholders' Equity		
Share capital	2,622,179	2,622,179
Warrants	66,000	66,000
Contributed surplus	275,618	180,752
Deficit	(1,146,621)	(972,620)
Total Shareholders' Equity	1,817,176	1,896,311
Total Liabilities and Shareholders' Equity	2,104,619	2,095,723

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors

Patrick J. Laracy **Director**

William Koenig **Director**

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
Condensed Statements of Loss and Comprehensive Loss
(Unaudited)

(in Canadian dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Income (Expenses)				
Interest income	-	-	-	50
General and administrative expenses				
Management and subcontract fees	(1,750)	(3,500)	(8,750)	(10,500)
Transfer agent, regulatory and professional fees	(3,442)	(4,522)	(14,785)	(15,135)
Office and other	(6,080)	(5,291)	(18,982)	(16,190)
Conferences and travel	(1,099)	-	(8,562)	(6,065)
Share-based compensation (Note 5)	(11,347)	(1,398)	(94,448)	(4,194)
Depreciation	(263)	-	(525)	-
Property Write Down	(26,599)	-	(27,949)	(6,450)
	(50,580)	(14,711)	(174,001)	(58,534)
Net and comprehensive loss	(50,580)	(14,711)	(174,001)	(58,484)
Net loss per share - basic and diluted	(0.001)	(0.0003)	(0.004)	(0.001)
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.
Condensed Statements of Changes in Shareholders' Equity
(Unaudited)
As at September 30, 2018
(in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
	\$	\$	\$	\$	\$
Balance, December 31, 2016	2,622,929	66,000	170,967	(877,835)	1,982,061
Net 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	66,000	178,305	(936,319)	1,930,915
Net and comprehensive loss					
October 1, 2017 - December 31, 2017	-	-	-	(36,301)	(36,301)
Share issuance costs	(750)	-	-	-	(750)
Share-based compensation	-	-	2,447	-	2,447
Balance, December 31, 2017	2,622,179	66,000	180,752	(972,620)	1,896,311
Net and comprehensive loss					
January 1, 2018 - September 30, 2018	-	-	-	(174,001)	(174,001)
Share-based compensation	-	-	94,866	-	94,866
Balance, September 30, 2018	2,622,179	66,000	275,618	(1,146,621)	1,817,176

See accompanying notes to the financial statements

RED MOON RESOURCES INC.**Statements of Cash Flows****Nine Months Ended September 30**

(in Canadian dollars)

	2018	2017
	\$	\$
Operating Activities		
Net loss	(174,001)	(58,484)
Adjustment for non-cash item:		
Depreciation	525	-
Write off/loss exploration and evaluation assets	27,949	-
Share-based compensation	94,448	4,194
	(51,079)	(54,290)
Changes in non-cash working capital		
Accounts receivable	7,087	66,095
Prepaid expenses	5,900	-
Accounts payable and accrued liabilities	55,899	-
	17,807	11,805
Investing Activities		
Mineral exploration and evaluation assets	(31,873)	(69,068)
Acquisition of equipment	-	-
Change in accounts receivable-mineral exploration assets	-	(10,208)
Change in accounts payable-mineral exploration assets	32,132	24,264
Government grant	14,401	2,587
	14,660	(52,425)
Net change in cash for the period	32,467	(40,620)
Cash, beginning of period	28,609	65,833
Cash, end of period	61,076	25,213

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
(Unaudited)
September 30, 2018 and 2017

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 a world-class industrial mineral projects. 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.

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 \$50,580 for the three months ended September 30, 2018 (2017-\$14,711) and a loss of \$174,001 for the nine months ended September 30, 2018 (2017- \$58,484) and had an accumulated deficit of \$1,146,621. The Company had negative working capital of \$226,301. The Company must secure sufficient funding to meet its on-going working capital requirements, as well as to identify, acquire and maintain exploration licenses. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

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

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
(Unaudited)
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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 2017 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, 2017.

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

The functional and presentation currency of the financial statements is Canadian dollars.

These financial statements were approved and authorized for issuance by the Board of Directors on November 26, 2018.

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standard adopted by the Company

On January 1, 2018, the Company adopted IFRS 9, which replaced IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of “available for sale”, “held-to-maturity”, or “loans and receivables”. Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit and loss (“FVPL”), or fair value other comprehensive income (“FVOCI”). The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 replaces the “incurred” loss model in IAS 39 with “an expected credit loss” (“ECL”) model for calculating impairment. This new standard also increases required disclosure about an entity’s risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

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

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3. NEW AND AMENDED ACCOUNTING STANDARDS (continued)

	IAS 39	IFRS 9
Financial Assets		
Cash and cash equivalents	Amortized Cost	Amortized Cost
Accounts receivable	Amortized Cost	Amortized Cost
Financial liabilities		
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost

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

Standards and amendments not yet effective and not yet applied

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

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

4. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 16 mineral licenses (2017 - 17) which consist of 336 claims (2017 – 625 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.

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4. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

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

	September 30, 2018				December 31, 2017				
	Balance, Beginning of Period	Additions	Write downs	Other	Balance, End of Period	Balance, Beginning of Year	Additions	Write downs	Balance, End of Year
	\$	\$	\$		\$	\$	\$	\$	\$
Property acquisition costs	1,079,325	4,475	(27,949)	-	1,055,851	1,084,350	1,815	(6,840)	1,079,325
Exploration costs	958,585	59,084	-	(31,268)	986,401	869,988	88,597	-	958,585
	2,037,910	63,559	(27,949)	(31,268)	2,042,252	1,954,338	90,412	(6,840)	2,037,910

The Company recorded \$31,268 in net proceeds from sales of the Ace Gypsum mine, not yet in commercial production. (nil- December 31, 2017). Current year additions to mineral exploration and evaluation assets have been reduced by a government grant of \$2,774 (December 31, 2017-\$16,131). Current year additions to mineral properties include \$418 in share-based compensation (December 31, 2017- \$4,194).

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.

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5. SHARE-BASED COMPENSATION (continued)

b) Stock options

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

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

The weighted average remaining contractual life of outstanding options is 3.80 years (December 31, 2017 – 1.47 years). The weighted average remaining contractual life of exercisable options is 3.4 years (December 31, 2017- 1.47 years). The weighted average fair value of stock options granted in the nine months ended September 30, 2018 was estimated on the date of the grant to be \$0.063 using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

	2018	2017
Expected volatility (%)	154	-
Risk free interest rate (%)	2.10	-
Weighted-average expected life (years)	5.0	-
Dividend yield (%)	0	-

The Company recognized share-based compensation in the amount of \$94,866 in the nine months ended September 30, 2018 (\$7,339- nine months ended September 30, 2017). Share-based compensation in the amount of \$94,448 was expensed for the nine months ended September 30, 2018 (\$4,194- nine months ended September 30, 2017) and \$418 (September 30, 2017- \$3,145) was capitalized to mineral exploration and evaluation assets.

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6. RELATED PARTY TRANSACTIONS

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Expenditures paid/payable to Vulcan Minerals Inc., parent of Company and reflected as:				
Mineral exploration and evaluation assets	7,470	18,418	14,650	24,264
General and administrative expenses	1,750	3,500	8,750	10,500
Rent paid or payable to a corporation which is controlled by the President of the				
	3,000	3,000	9,000	9,000

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.

As of March 1, 2018, rent to a corporation which is controlled by the President of the Company has not been paid and is accruing as a payable.

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

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September 30, 2018 and 2017

6. RELATED PARTY TRANSACTIONS (continued)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
	\$		\$	
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	1,750	3,500	8,750	10,500
Mineral exploration and evaluation assets	270	993	1,350	2,708
Share-based compensation				
General and administrative expense	11,347	1,398	94,448	4,194
Mineral exploration and evaluation assets	37	1,048	418	3,145
	13,404	6,939	104,966	20,547

Accounts payable and accrued liabilities include \$258,979 owing to parent company, Vulcan Minerals Inc. at September 30, 2018 (\$179,462 – December 31, 2017).

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

AUDITORS
PricewaterhouseCoopers LLP

BANKERS
Scotiabank

HEAD OFFICE
333 Duckworth Street
St. John’s, NL, A1C 1G9
Tel: (709) 754-3186
Fax: (709) 754-3946
Website: www.redmoonresources.com