

RED MOON RESOURCES INC.

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

For Year Ended December 31, 2017

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 Red Moon Resources Inc. (the “Company”) expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements.

General Business

The Company is a subsidiary of Vulcan Minerals Inc. (“Vulcan”) (66.6% ownership) and was listed on the TSX Venture Exchange on August 17, 2012 as a result of a corporate reorganization of Vulcan, whereby Vulcan transferred its 100% working interest in its Bay St. George mineral assets to the Company and retained a 3% gross production royalty on mineral products. The Company is engaged in mineral exploration on properties in Newfoundland and Labrador. The Company’s immediate efforts will focus on exploring these properties. The Company is an exploration venture company and is moving towards production of gypsum with the development of its Ace Gypsum mine.

The MDA should be read in conjunction with the audited financial statements for the year ended December 31, 2017 and accompanying notes.

DATE

The date of this MDA is April 26, 2018.

OVERALL PERFORMANCE

The Company reported a net loss of \$94,785 for the year ended December 31, 2017 (as compared to a net loss of \$141,131 for the year ended December 31, 2016) (decrease in net loss of \$46,346). The 2017 loss consisted of administrative expenses of \$81,656, exploration and evaluation expense of \$6,840, share based compensation of \$5,591, depreciation of \$750 and reduced by interest income of \$52. The 2016 net loss consisted of administrative expenses of \$115,401, exploration and evaluation expense of \$3,918, share-based compensation costs of \$24,660. 2016 is reduced by interest income of \$348, and the transfer to income of the \$2,500 flow through premium on the issuance of flow through shares in issued 2015 and transferred to income in 2016 when the tax deductions were delivered to the subscribers.

The following table outlines the significant components of general and administrative expenses for each of the years ended December 31, 2017 and 2016:

General & Administrative Expenses include:	Years Ended December 31	
	2017	2016
	\$	\$
Management and subcontract fees	14,000	34,049
Transfer agent, regulatory and professional	38,834	39,993
Directors' fees	-	12,500
Office and other	22,152	27,721
Conferences, travel and accommodation	6,670	1,138
Total	81,656	115,401

The Company recorded share-based compensation expense of \$5,591 for the year ended December 31, 2017 (\$24,660- year ended December 31, 2016). The Company granted 1,600,000 stock options in March 2016, with 800,000 options vesting immediately. Stock-based compensation expense in 2016 relates to the grant of these options.

SELECTED ANNUAL INFORMATION

Year Ended December 31	2017	2016	2015
	\$	\$	\$
Interest Income	52	348	358
Net Loss	(94,785)	(141,131)	(170,113)
Net loss per share basic & diluted	(0.002)	(0.003)	(0.004)
Total Assets	2,095,723	2,037,659	2,179,522
Total long term financial liabilities	Nil	Nil	Nil
Cash Dividends	Nil	Nil	Nil

RESULTS OF OPERATIONS

Mineral Properties- Background

Captain Cook Salt

The Company acquired a 100% interest in mineral licences covering a portion of the northern Bay St. George Basin in western Newfoundland in August 2012, as a result of a corporate re-organization of Vulcan. The licences include the mineral rights to lands that have potential for potash, salt, gypsum and other mineral deposits. The Company pursued the exploration for salt and potash since 2013 and has delineated a significant salt resource.

In January 2016 Apex Geoscience Ltd. of Edmonton, Alberta completed a National Instrument 43-101 compliant Mineral Resource Assessment report on the halite (rock salt) deposit located at the Captain Cook project in western Newfoundland. The report is based primarily on the Company's

drilling results from 2013 and 2014, related geophysical data and historical information. This is the first mineral resource assessment of the Captain Cook rock salt deposit. Highlights of the resource report are as follows:

Captain Cook Salt- Salt Resource Estimate Highlights

-Using a 95.0% lower base cut-off for sodium chloride, the Captain Cook Halite Resource Estimate is classified as “Inferred” and demonstrates that there is 908 million tonnes of high purity halite (96.9% salt) for 880 million in-situ tonnes of salt (Table 1);

-Additional analytical work was conducted as part of the estimation, the results of which help to define a thick section of high purity halite. For example, the best halite intersection, from drillhole CC-4, contains 96.8% NaCl over 335.3 m, which includes two large segments of high purity halite of 98.0% NaCl over 125.3 m and 97.5% NaCl over 177.3 m;

-The Technical Report summarizes: positive physical and chemical characteristics; salt composition and quality; market applicability; and infrastructure/transportation readiness, all of which support the conclusion that the Captain Cook halite deposit is a deposit of merit and warrants further delineation/evaluation work;

-The Captain Cook project area has access to important infrastructure including: two nearby deep-water ports; airports at Stephenville and Deer Lake; the Trans-Canada Highway; high voltage power grid; and an extensive road network including a well-maintained, all-weather gravel road connecting the deposit with the Turf Point Port, approximately 5.5 km from the deposit.

<u>NaCl</u> <u>lower</u> <u>cut-off</u> <u>(%)</u>	<u>Volume</u> <u>(m³)</u>	<u>Tonnes</u> <u>(million)</u>	<u>Density</u> <u>(kg/m³)</u>	<u>NaCl</u> <u>(%)</u>	<u>Tonnes in-</u> <u>situ</u> <u>(million)</u>
88	682,000,000	1,473	2.16	95.3	1,405
89	677,000,000	1,462	2.16	95.4	1,395
90	672,000,000	1,451	2.16	95.4	1,385
91	653,000,000	1,410	2.16	95.6	1,348
92	602,000,000	1,301	2.16	95.9	1,248
93	557,000,000	1,203	2.16	96.2	1,157
94	499,000,000	1,078	2.16	96.5	1,040
95	420,000,000	908	2.16	96.9	880
96	304,000,000	657	2.16	97.4	640
97	190,000,000	410	2.16	97.9	401
98	71,000,000	154	2.16	98.6	152
99	17,000,000	37	2.16	99.3	37

- Note 1: Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into a mineral reserve.
- Note 2: The quantity of reported inferred resource in these estimations are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource, and it is uncertain if further exploration will result in upgrading them to an indicated or measured resource category.
- Note 3: The estimate of mineral resources may be materially affected by geology, environment, permitting, legal, title, taxation, socio-political, marketing or other relevant issues.
- Note 4: Tonnes have been rounded to the nearest 1,000,000 (numbers may not add up due to rounding).

To demonstrate that the halite has reasonable prospects of economic extraction, the mineral resource is reported at a lower base case cut-off of 95.0% NaCl. This is the general standard used in the purchase of road salt and follows the specification outlined in American Society for Testing and Materials (ASTM) Designation D632-12 (2012), which is applicable for sodium chloride intended for use as a de-icer and for road construction or maintenance purposes. Accordingly, with respect to reporting a resource estimate that abides by the General Guidelines of NI 43-101, the Red Moon halite test work results show that the Captain Cook halite deposit has good prospects of economic viability for an industrial mineral deposit.

Gypsum – Ace Deposit

The “company” has been evaluating the gypsum potential of its mineral licences in the dormant Flat Bay gypsum mines approximately 3 km southwest of the Captain Cook salt deposit. Gypsum has been mined by open pit quarry in this area since the 1950’s with reported historical production estimated at approximately 15,000,000 tonnes. Production ceased in 1990 but extensive gypsum resources are known to remain as the deposits were not exhausted.

Historical production occurred in three main pits over an area covering approximately 3 square kilometers. The company has obtained a mining lease from the government of Newfoundland and Labrador to reinstate mining at the Ace Deposit covering a starter area of 12 hectares. The company estimates, based on internal evaluation of a late 2017 drilling program and the company’s field geological investigations, that the proposed Ace mining lease area has the potential to contain 3 to 5 million tonnes of gypsum/anhydrite of commercial grade. The company retained an external engineering firm to prepare a mine development plan which was submitted to the Department of Natural Resources on April 6, 2018. Preliminary market analysis is encouraging enough to warrant proceeding with the project to production. It is anticipated that production would ramp up to 500,000 tonnes per year over several years contingent upon market availability. There is ample opportunity to expand the proposed mining lease area if demand warrants it. The open pit quarry operations for gypsum are well established and capable of efficient scaling of production to meet demand cycles. Access to port facilities and contract mining services are available in the area. Discussions are ongoing to avail of these services. The project was registered pursuant to the provincial environmental review process on Dec 13, 2017 and released from further review on February 21, 2018.

Nepheline Syenite Property

In July 2016, the Company acquired, by staking, the Black Bay nepheline property in southern Labrador. The property consists of a surface occurrence of nepheline syenite along the southern Labrador highway. The project is located approximately 6 kilometers from tide water. The Blanc Sablon, QC airport is a 90-minute drive from the property.

Nepheline occurs in an alkali feldspar syenite unit up to 200 metres wide and in excess of 2000 metres in length based on field work carried out by the Newfoundland and Labrador Department of Natural Resources and field mapping by the Company. Previous work on the property included the analysis of grab samples, which indicated that the chemistry of the syenite unit has the potential to meet the specifications for industrial uses. Nepheline is an industrial mineral and a source of aluminum (Al_2O_3), sodium (Na_2O) and potassium (K_2O) used primarily in the manufacture of glass, ceramics, extenders and fillers. Commercial nepheline deposits are rare with only one mine in production in North America at Blue Mountain in Ontario which produces about 1,000,000 tonnes per year. Though feldspar is used as a substitute for nepheline because of nepheline's limited supply, nepheline is generally a preferred material over feldspar because of its higher concentration of potassium and sodium resulting in significant energy savings in industrial uses. The world feldspar market is approximately 20,000,000 tonnes per year. In 2016 the Company carried out a mapping and sampling program at the nepheline occurrence in order to outline the mineralogical variation within the deposit to better evaluate its chemistry. Results from the sampling indicate that the alumina and alkali content of the rock is comparable to other commercial nepheline deposits and that beneficiation results meet industrial specifications. In 2017, the Company obtained, through surface channel sampling, in excess of 3 tonnes of material to scale up the geochemical and beneficiation analysis. Preliminary geochemical analysis is similar to the initial 2016 sampling which is encouraging. Beneficiation work is currently underway.

Plans 2018

The Company is soliciting funding by way of partnerships or equity funding to advance the Captain Cook salt project to a feasibility stage. According to the Apex Resource report this will require an estimated \$2.3-million-dollar expenditure for additional drilling, geotechnical and related work.

As well, the Company is advancing its gypsum deposit towards production on its Bay St. George mineral claims. The Company has obtained a mining lease on the Ace deposit, obtained environmental clearance, and has submitted a development plan for an open pit mine. Production is planned to commence in 2018.

Further analysis and laboratory work is ongoing on the Black Bay Nepheline bulk sample. The ultimate objective of the beneficiation analysis is to determine how low the iron content can be reduced in the final processed material which will determine its ultimate applicable uses and value.

MINERAL EXPLORATION AND EVALUATION ASSETS

The major components of mineral exploration and evaluation assets at December 31st, 2017 are as follows:

Acquisition costs- licences	1,025,000
Mineral licences and licences renewals	54,325
Drilling, geological, geophysical and related costs	1,157,384
Share-based compensation	27,141
Government Grants	(225,940)
Balance	2,037,910

SUMMARY OF QUARTERLY RESULTS

Quarter	Total Income	Net Loss	Net Loss per share
	\$	\$	\$
December 31, 2017	52	(36,300)	(0.001)
September 30, 2017	nil	(14,711)	(0.000)
June 30, 2017	21	(18,741)	(0.000)
March 31, 2017	27	(25,033)	(0.001)
December 31, 2016	49	(37,246)	(0.001)
September 30, 2016	46	(23,157)	(0.001)
June 30, 2016	98	(28,191)	(0.001)
March 31, 2016	155	(52,537)	(0.001)
December 31, 2015	87	(47,153)	(0.001)
September 30, 2015	46	(19,056)	(0.001)

Revenue for each quarter is represented by interest income. The loss for each quarter is represented primarily by administrative expenses, except that each of the quarters commencing with the March 31, 2015 quarter includes share-based compensation costs totaling \$2,144 for the four quarters in 2015, \$24,660 for the 2016 quarters and \$5,591 for the 2017 quarters.

LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN

The Company had current assets of \$56,063 at December 31, 2017, including cash of \$28,609; the Company had accounts payable and accrued liabilities of \$199,412, resulting in negative working capital of \$143,349. Included in accounts payable balance is a balance of \$179,463 payable to Vulcan Minerals Inc. the parent company.

The Company has no long-term debt and as such is not sensitive to interest rate fluctuation on debt instruments. The Company has no contingent liabilities that could materially affect its financial position.

The Company's financial statements have been prepared using generally accepted accounting

principles in Canada applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nonetheless, there is no assurance that these initiatives will be successful. The Company's financial statements and management's discussion and analysis do not reflect adjustments to the carrying value of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The Company carries out exploration on mineral licences in Newfoundland and Labrador. These tenure instruments require work obligations in order to maintain ownership. Failure to fulfill work obligations would result in loss of ownership interest. The Company originally held 13 mineral licences represented by 36,375 hectares. From 2013 to 2017, in addition to the acquisition of additional mineral licences, the Company regrouped several of its original mineral licences, resulting in the Company holding 17 mineral licences at December 31, 2017, representing approximately 15,625 hectares in the Bay St. George region of Western Newfoundland and in Black Bay, Labrador. The Company's current mineral licences are in good standing in respect of ongoing work obligations.

The Company will seek funding to carry on its activities in 2018.

The Company has no revenue streams and its only source of funding is equity financing, and its ability to continue will be dependent on equity financing.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred expenditures of \$43,960 (2016- \$43,899) in transactions with its parent company. Vulcan provided project management, technical services and field operation services to the Company. Included in the above amounts are related party general and administrative amounts which were expensed and totaled \$14,000 (2016- \$22,507). The related party expenditures capitalized to mineral exploration and evaluation assets totaled \$29,960 (2016 - \$21, 392). 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.

The Company paid premises rent in the amount of \$12,000 (2016- \$18,750) to a private company owned and controlled by the President and CEO of the Company. Effective October 1, 2016, the rent amount has been reduced from \$1,750 per month to \$1,000 per month (on an annual basis rent has been reduced from \$21,000 to \$12,000). The Company paid management fees of \$nil (2016- \$11,250) to the President and CEO of the Company. This monthly management fee has been eliminated effective October 1, 2016 resulting in savings on an annual basis of \$15,000.

The Company's four directors were each paid \$nil in director's fees in the year ended December 31, 2017 (\$12,500- 2016). The directors resolved to pay no directors' fees for 2017.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

See note 4 of December 31, 2017 financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

Business Risks

The Company is a junior exploration company principally involved in mineral exploration which is an inherently high-risk activity. The business of exploring for, developing, acquiring, producing minerals is subject to many risks and uncertainties, several of which are beyond the control of the Company. These risks are operational, financial, legal and regulatory in nature.

Operational risks include unsuccessful exploration and development drilling activity, safety and environmental concerns, access to cost effective contract services, escalating industry costs for contracted services and equipment, product marketing and hiring and retaining qualified employees.

The Company is subject to financial risk as exploration is capital intensive and the Company has no sources of funding other than equity financing and joint venture financing arrangements. Only the skills of management and staff in mineral exploration and exploration financing serve to mitigate these risks.

The Company is subject to a variety of regulatory risks that it does not control. Government and Securities regulations are monitored to ensure the Company continues to be in compliance.

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The source of risk exposure and how each is managed is outlined below:

Credit risk- Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligation. The Company is exposed to credit risk on its cash and accounts receivable. Cash is maintained on deposit with a major Canadian chartered bank. The Company believes its credit risk with respect to cash and accounts receivable is not significant.

Liquidity risk- Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. As of December 31, 2017, the Company had a cash balance of \$28,609 and negative working capital of \$143,349. The Company has no source of operating cash flow. There is no assurance that additional funding will be available to allow the Company to fund administrative expenses and exploration programs. Liquidity risk is significant to the Company. 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. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and commodity prices will affect the Company's net loss or the value of its financial instruments.

Commodity price risk- The value of the Company's mineral exploration and evaluation assets is partially related to the market price of base metals and commodities. The Company does not hedge this exposure to fluctuations in commodity prices. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices.

SHARE CAPITAL

The Company has issued and outstanding common shares of 48,050,004 at April 26, 2018. The Company's share capital consists of an unlimited number of voting common shares, and an unlimited number of preferred shares of which there are none outstanding.

The Company has 1,400,000 stock options outstanding at April 26, 2018. as outlined below:

Date Issued	Number	Exercise Price	Details
March 16, 2016	1,400,000	\$0.10	Directors' Options, Expiry March 16, 2021

There were 1,400,000 options exercisable at April 26, 2018. The weighted average remaining contractual life of the outstanding and exercisable options is 2.9 years.

The Company has 2,525,000 warrants outstanding at April 26, 2018. As a result of an extension of time each warrant entitles the holder to purchase one common share at \$0.10 per share until November 6th, 2022.

OFF BALANCE SHEET ITEMS

As of December 31, 2017, the Company has a lease obligation for rent of \$12,000 to related party.

ADDITIONAL INFORMATION

All corporate disclosure documents are filed on www.sedar.com. Additional information regarding the Company's projects and activities are available at www.redmoonresources.com