



Interim Condensed Financial Statements

For the Three & Nine Months Ended September 30, 2019 and
2018

(Unaudited)

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
September 30, 2019 and 2018

Table of Contents

	<u>PAGE</u>
Notice of No Auditor Review	1
Condensed Balance Sheets	2
Condensed Statements of Loss and Comprehensive Loss	3
Condensed Statements of Changes in Equity	4
Condensed Statements of Cash Flows	5
Notes to the Condensed Financial Statements	6-12

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.
Condensed Balance Sheets
(Unaudited)
As at

(in Canadian dollars)	September 30, 2019	December 31, 2018
	\$	\$
Assets		
Current assets		
Cash	243,371	1,755
Accounts receivable	109,028	1,182
Prepaid expenses	-	5,305
	352,399	8,242
Capital assets	831	1,225
Mineral exploration and evaluation (Note 4)	1,877,392	2,092,732
Total Assets	2,230,622	2,102,199
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	143,849	254,378
Asset retirement obligations	78,400	35,777
Total Liabilities	222,249	290,155
Shareholders' Equity		
Share capital (Note 5)	2,811,385	2,622,179
Warrants (Note 5 (d))	129,818	66,000
Contributed surplus	332,099	292,678
Deficit	(1,264,929)	(1,168,813)
Total Shareholders' Equity	2,008,373	1,812,044
Total Liabilities and Shareholders' Equity	2,230,622	2,102,199

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,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Income (Expenses)				
Management and subcontract fees	(7,500)	(1,750)	(11,500)	(8,750)
Transfer agent, regulatory and professional fees	(3,550)	(3,442)	(15,205)	(14,785)
Office and other	(5,739)	(6,080)	(15,660)	(18,982)
Conferences and travel	(1,377)	(1,099)	(15,675)	(8,562)
Exploration and evaluation expense	-	(26,599)	-	(27,949)
Share-based compensation (Note 6)	(11,638)	(11,347)	(37,682)	(94,448)
Depreciation	(131)	(263)	(394)	(525)
	(29,935)	(50,580)	(96,116)	(174,001)
Net and comprehensive loss	(29,935)	(50,580)	(96,116)	(174,001)
Net loss per share - basic and diluted	(0.0006)	(0.001)	(0.002)	(0.004)
Weighted-average number of common shares outstanding - basic and diluted	50,600,004	48,050,004	50,600,004	48,050,004

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
Condensed Statements of Changes in Equity
(Unaudited)

(in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
	\$	\$	\$	\$	\$
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
Net and comprehensive loss					
October 1, 2018 - December 31, 2018	-	-	-	-	-
Share-based compensation	-	-	17,060	(22,192)	17,060
Balance, December 31, 2018	2,622,179	66,000	292,678	(1,168,813)	1,834,236
Net and comprehensive loss					
January 1, 2019 - September 30, 2019	-	-	-	(96,116)	(96,116)
Private Placement	189,206	63,818	-	-	253,024
Share-based compensation	-	-	39,421	-	39,421
Balance, September 30, 2019	2,811,385	129,818	332,099	(1,264,929)	2,030,565

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
Condensed Statements of Cash Flows
(Unaudited)
Period Ended September 30

(in Canadian dollars)	2019	2018
	\$	\$
Operating Activities		
Net loss	(96,116)	(174,001)
Adjustment for non-cash item:		
Depreciation	394	525
Write off/loss exploration and evaluation assets	-	27,949
Share-based compensation	37,682	94,448
	(58,040)	(51,079)
Changes in non-cash working capital		
Accounts receivable	(107,845)	7,087
Prepaid expenses	5,305	5,900
Accounts payable and accrued liabilities	(104,250)	55,899
	(264,830)	17,807
Financing Activities		
Issuance of common shares and warrants	255,000	-
Share issuance costs	(1,975)	-
	253,025	-
Investing Activities		
Mineral exploration and evaluation assets	(94,711)	(31,873)
Increase in ARO	42,623	-
Gypsum Sales	311,788	
Change in accounts payable-mineral exploration assets	(6,279)	32,132
Government grant	-	14,401
	253,421	14,660
Net change in cash for the year	241,616	32,467
Cash, beginning of year	1,755	28,609
Cash, end of year	243,371	61,076

See accompanying notes to the financial statements

RED MOON RESOURCES INC.

Notes to the Condensed Financial Statements

September 30, 2019 and 2018

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.. 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, development and production of mineral properties in Newfoundland and Labrador. The Company's immediate objectives are to define and develop 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. The Company has entered the pre-production stage with respect to its Ace Gypsum mining project and had proceeds from pre-production income of \$311,788 nine months ending September 30, 2019. The Company is also seeking a financing partner with respect to its Captain Cook Salt mine. As commercial viability of these projects has not yet been established, 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 \$29,935 for the three months ended September 30, 2019 (2018-\$50,580) and a loss of \$96,116 for the nine months ended September 30, 2019 (2018- \$174,001). The Company has an accumulated deficit of \$1,264,929. The Company had a positive working capital of \$208,550 (December 31, 2018- negative \$246,136). The Company must secure sufficient funding to further develop the Ace Gypsum mine to full commercial production, as well as to continue to fund the Company's working capital requirements while it continues its exploration efforts on its other mineral projects. 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 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.

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

RED MOON RESOURCES INC.

Notes to the Condensed Financial Statements

September 30, 2019 and 2018

annual financial statements, except for the adoption of IFRS 16 “Leases” (“IFRS16”) in this interim period. These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2018.

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 21, 2019.

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standards adopted by the Company

The unaudited condensed interim financial statements were prepared using the same accounting policies and methods as those used in the Company’s financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16, “Leases” (“IFRS 16”) and IFRIC 23, “Uncertainty over income tax treatments” (“IFRIC 23”) that were effective and adopted as of January 1, 2019.

IFRS 16 “Leases” 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 are recorded on the balance sheet as an asset under property and equipment and have a corresponding liability with both current and long-term portions. The Company has assessed this new standard and has determined there is no impact to the interim condensed financial statements. The Company’s lease arrangement is considered short-term and is therefore exempt from the standard.

IFRIC 23 “Uncertainty over income tax treatments” clarifies how the recognition and measurement requirements of IAS 12, “Income taxes” (“IAS 12”), are applied where there is uncertainty over income tax treatments. There was no impact to the Company’s financial statements as a result of adopting this new standard.

4. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 22 mineral licences (December 31, 2018-14) which consist of 283 claims (December 31, 2018 – 260 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licences are in the exploration and evaluation stage. The Company has a mining lease (Ace Mining Lease #239) registered with the Department of Natural Resources in the Province of Newfoundland and Labrador on mineral licence 022132M situated near St. George’s, Western Newfoundland.

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

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
September 30, 2019 and 2018

	September 30, 2019				December 31, 2018				
	Balance, Beginning of Year	Additions	Incidental Revenue	Balance, End of Year	Balance, Beginning of Year	Additions	Write downs	Incidental Revenue	Balance, End of Year
	\$	\$		\$	\$	\$	\$		\$
Property acquisition costs	1,084,965	10,010	-	1,094,975	1,079,325	12,540	(6,900)	-	1,084,965
Exploration costs	1,007,767	86,438	(311,788)	782,417	958,585	97,430	-	(48,248)	1,007,767
	2,092,732	96,448	(311,788)	1,877,392	2,037,910	109,970	(6,900)	(48,248)	2,092,732

In the nine months ending September 30, 2019, the Company recorded \$311,788 (December 31, 2018- \$48,248) in incidental revenue from sales of gypsum from the Ace Gypsum mine. Total incidental revenue from Ace Gypsum mine is \$360,037 as of September 30, 2019. Current year additions to mineral exploration costs for the nine months ending September 30, 2019 include share based compensation of \$1,740 (December 31, 2018- 658).

5. SHARE CAPITAL

a) Authorized

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

b) Issued and outstanding

	2019		2018	
	Number	Share Capital	Number	Share Capital
Common Shares		\$		\$
Balance, beginning of year	48,050,004	2,622,179	48,050,004	2,622,179
Issued pursuant to private placement (Note 5 (c))	2,550,000	255,000	-	-
Allocated to Warrants	-	(63,818)	-	-
Share issuance cost	-	(1,976)	-	-
Balance, end of period	50,600,004	2,811,385	48,050,004	2,622,179

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
September 30, 2019 and 2018

c) Private Placement

The Company completed a private placement dated April 9, 2019 for 2,550,000 units at a price of \$0.10 per unit, total proceeds \$255,000. Each unit consist of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.25 per unit until April 9, 2021

d) Warrants

A summary of warrants as at September 30, 2019 and December 31, 2018 and changes during the periods then ended is as follows:

	2019		2018	
	Number of Warrants	Weighted-Average Exercise Price	Number of Warrants	Weighted-Average Exercise Price
		\$		\$
Outstanding, beginning of year	2,525,000	0.10	2,525,000	0.10
Issued	1,275,000	0.25	-	-
Outstanding, end of period	3,800,000	0.10	2,525,000	0.10

	2019	2018
	\$	\$
Balance, beginning of year	66,000	66,000
Fair value of warrants issued (Note 5 (c))	63,818	-
Balance, end of period	129,818	66,000

6. 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

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
September 30, 2019 and 2018

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, 2019	Weighted- Average Exercise Price	Number of Options	December 31, 2018	Weighted- Average Exercise Price
		\$			\$
Outstanding, beginning of year	3,800,000	0.10	3,150,000		0.10
Granted	100,000	0.10	2,400,000		0.10
Expired	-	-	(1,750,000)		0.10
Outstanding, end of period	3,900,000	0.10	3,800,000		0.10
Outstanding and exercisable, end of period	2,650,000	0.10	2,600,000		0.10

The weighted average remaining contractual life of outstanding options is 2.81 years (December 31, 2018 – 3.56 years). The weighted average remaining contractual life of exercisable options is 2.46 years (December 31, 2018- 3.18 years). The weighted average fair value of stock options granted in the was estimated on the date of the grant to be \$0.0564 (December 31, 2018- \$0.066) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

	September 30, 2019	December 31, 2018
Expected volatility (%)	176	181
Risk free interest rate (%)	1.59	2.12
Weighted-average expected life (years)	5.0	5.0
Dividend yield (%)	-	-

The Company recognized share-based compensation in the amount of \$39,422 in the nine months ended September 30, 2019 (September 30, 2018 - \$94,866). Share-based compensation in the amount of \$37,682 was expensed for the nine months ended September 30, 2019 (September 30, 2018 – \$94,448) and \$1,740 (September 30, 2018 - \$418) was capitalized to mineral exploration and evaluation assets.

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
September 30, 2019 and 2018

7. RELATED PARTY TRANSACTIONS

The Company is controlled by Vulcan Minerals Inc., which owns 63.03% of the Company's common shares (December 31, 2018- 66.4%). The following transactions were carried out with related parties:

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Expenditures paid/payable to Vulcan Minerals Inc., parent of Company and reflected as:				
Mineral exploration and evaluation assets	5,670	7,470	28,810	14,650
General and administrative expenses	7,500	1,750	11,500	8,750
Rent paid or payable to a corporation which is controlled by the President of the Company	3,000	3,000	9,000	9,000

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

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
September 30, 2019 and 2018

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	\$	\$	\$	\$
Management fees, salaries and benefits for key management personnel paid/payable to parent and included in Note 6 above, and reflected as the following:				
General and administrative expenses	7,500	1,750	11,500	8,750
Capitalized as mineral and exploration and evaluation assets	824	270	1,740	1,350
Share-based compensation				
General and administrative expense	11,638	11,347	38,506	94,448
Mineral exploration and evaluation assets	842	37	1,740	418
	20,804	13,404	53,486	104,966

Accounts payable and accrued liabilities include \$91,458 owing to parent company, Vulcan Minerals Inc. at September 30, 2019 (December 31, 2018 - \$208,771).

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

Fraser Edison

Carson Noel

William Koenig

EXCHANGE LISTING
TSX Venture – “RMK”

LEGAL COUNSEL
Morris McManus, Calgary, AB
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REGISTRAR AND TRANSFER AGENT
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