



Interim Condensed Financial Statements

For the Three Months Ended March 31, 2016 and 2015
(Unaudited)

RED MOON POTASH INC.

March 31, 2016 and 2015

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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 POTASH INC.
Condensed Balance Sheets
(Unaudited)

As at

(in Canadian dollars)

	March 31	December 31
	2016	2015
	\$	\$
Assets		
Current assets		
Cash	150,500	245,276
Harmonized sales tax receivable	9,323	13,785
Prepaid expenses	3,420	10,875
	163,243	269,936
Mineral exploration and evaluation assets (Note 4)	1,943,758	1,909,586
Total Assets	2,107,001	2,179,522
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	42,120	82,487
Flow through premium liability	2,500	2,500
Total Liabilities	44,620	84,987
Shareholders' Equity		
Share capital	2,622,929	2,622,929
Warrants	109,500	109,500
Contributed surplus	119,193	98,810
Deficit	(789,241)	(736,704)
Total Shareholders' Equity	2,062,381	2,094,535
Total Liabilities and Shareholders' Equity	2,107,001	2,179,522

Approved on behalf of the Board of Directors

Patrick J. Laracy **Director**

Carson Noel **Director**

See accompanying notes to the financial statements

RED MOON POTASH INC.
Condensed Statements of Loss and Comprehensive Loss
(Unaudited)
Three Months Ended March 31

(in Canadian dollars)	2016	2015
	\$	\$
Operating expenses		
General and administrative expenses		
Management and subcontract fees	14,136	26,020
Transfer agent, regulatory and professional fees	6,202	20,768
Office and other	8,261	10,727
Share-based compensation (Note 5)	17,843	2,116
Conferences and travel	-	2,448
Directors' fees	6,250	6,250
	52,692	68,329
Other income		
Interest income	155	145
Net and comprehensive loss	(52,537)	(68,184)
Net loss per share - basic and diluted	(0.001)	(0.002)
Weighted-average number of common shares outstanding - basic and diluted	48,050,004	43,000,004

See accompanying notes to the financial statements

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, 2014	2,438,650	59,166	81,000	(566,591)	2,012,225
Net loss and comprehensive loss					
January 1, 2015 - March 31, 2015	-	-	-	(68,184)	(68,184)
Share-based compensation	-	2,116	-	-	2,116
Balance, March 31, 2015	2,438,650	61,282	81,000	(634,775)	1,946,157
Net loss and comprehensive loss					
April 1, 2015 - December 31, 2015	-	-	-	(101,929)	(101,929)
Shares and warrants issued					
pursuant to private placement	186,500	-	66,000	-	252,500
Share issuance costs	(2,221)	-	-	-	(2,221)
Transfer to contributed surplus upon expiry of warannts	-	37,500	(37,500)	-	-
Share-based compensation	-	28	-	-	28
Balance, December 31, 2015	2,622,929	98,810	109,500	(736,704)	2,094,535
Net loss and comprehensive loss					
January 1, 2016 - March 31, 2016	-	-	-	(52,537)	(52,537)
Share-based compensation	-	20,383	-	-	20,383
Balance, March 31, 2016	2,622,929	119,193	109,500	(789,241)	2,062,381

See accompanying notes to the financial statements

RED MOON POTASH INC.
Condensed Statements of Cash Flows
(Unaudited)
Three Months Ended March 31

(in Canadian dollars)	2016	2015
	\$	\$
Operating Activities		
Net loss	(52,537)	(68,184)
Adjustment for non-cash item:		
Share-based compensation	17,843	2,116
	(34,694)	(66,068)
Increase in non-cash working capital	(18,396)	8,073
	(53,090)	(57,995)
Investing Activities		
Mineral exploration and evaluation assets	(31,632)	13,938
Government grant	-	(15,000)
Change in accounts payable- mineral exploration assets	(15,507)	(22,025)
Change in accounts receivable-mineral exploration assets	5,453	-
	(41,686)	(23,087)
(Decrease) in cash	(94,776)	(81,082)
Cash, beginning of period	245,276	149,635
Cash, end of period	150,500	68,553

See accompanying notes to the financial statements

RED MOON POTASH INC.

Notes to the Condensed Financial Statements

(Unaudited)

March 31, 2016 and 2015

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.

Red Moon Potash 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 potash/salt deposit while providing its shareholders with an opportunity to participate in the potash/salt mining 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 \$52,537 for the three months ended March 31, 2016 (\$68,184-three months ended March 31, 2015) and had an accumulated deficit of \$789,241 at March 31, 2016. The Company had no income or cash flow from operations at March 31, 2016 and had working capital of \$121,123. 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.

RED MOON POTASH INC.
Notes to the Condensed Financial Statements
(Unaudited)
March 31, 2016 and 2015

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 2015 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, 2015.

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 May 27, 2016.

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standards adopted by the Company

The following standards have been adopted by the Company for the period beginning on January 1, 2016:

IAS 16, “*Property, plant and equipment*” and IAS 38 “*Intangible assets*” were amended to clarify acceptable methods of depreciation and amortization. The amendments are effective for fiscal years beginning on or after January 1, 2016. The adoption of this standard had no impact on the Company’s financial statements.

IFRS 11, “*Joint arrangements*” was amended to provide additional guidance on accounting for the acquisition of an interest in a joint operation. The amendment is effective for fiscal years beginning on or after January 1, 2016. The adoption of this standard had no impact on the Company’s financial statements.

Standards and amendments not yet effective and not yet applied

IFRS 9, “*Financial instruments*” (“IFRS 9”) introduces new requirements for the classification and measurement of financial assets. IFRS 9 required all recognized financial assets that are within the scope of IAS 39 Financial Instruments-Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All

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Notes to the Condensed Financial Statements
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3. NEW AND AMENED ACCOUNTING STANDARDS (continued)

other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its financial statements.

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. 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 currently evaluating the financial impact of these amendments on its financial statements.

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

RED MOON POTASH INC.
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March 31, 2016 and 2015

4. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 17 mineral licenses (2015 - 12) which consist of 1,040 claims (2015 – 922 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 licenses is as follows:

	March 31, 2016		December 31, 2015			
	Balance, Beginning of Period	Additions	Balance, End of Period	Balance, Beginning of Year	Additions	Balance, End of Year
	\$	\$	\$	\$	\$	\$
Property acquisition costs	1,048,115	7,345	1,055,460	1,025,000	23,115	1,048,115
Exploration costs	861,471	26,827	888,298	805,075	56,396	861,471
	1,909,586	34,172	1,943,758	1,830,075	79,511	1,909,586

Additions to mineral exploration costs in 2016 include share-based compensation of \$2,540 (2015-\$nil) (Note 5). Additions to mineral exploration and evaluation assets in 2015 have been reduced by a government grant of \$15,000.

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:

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5. SHARE-BASED COMPENSATION (continued)

	March 31 2016		December 31 2015
	Number of Options	Weighted- Average Exercise Price	Number of Options
		\$	Weighted- Average Exercise Price
			\$
Outstanding, beginning of period	1,750,000	0.10	1,825,000
Granted	1,600,000	0.10	-
Forfeited	-	-	(75,000)
Expired	-	-	-
Outstanding, end of period	3,350,000	0.10	1,750,000
Outstanding and exercisable, end of period	2,550,000	0.10	1,750,000

The weighted average remaining contractual life of outstanding options is 3.33 years (December 31, 2015 – 2.09 years). The weighted average remaining contractual life of exercisable options is 2.82 years (December 31, 2015- 2.09 years).

The weighted average fair value of stock options granted in the three months ended March 31, 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:

	2016	2015
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 \$20,383 in the three months ended March 31, 2016 (\$2,116- three months ended March 31, 2015). Share-based compensation in the amount of \$17,843 was expensed for the three months ended March 31, 2016(\$2,116- three months ended March 31, 2015) and \$2,540 (March 31, 2015- \$nil) was capitalized to mineral exploration and evaluation assets.

RED MOON POTASH INC.
Notes to the Condensed Financial Statements
(Unaudited)
March 31, 2016 and 2015

6. RELATED PARTY TRANSACTIONS

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Expenditures paid/payable to Vulcan Minerals Inc., parent of the Company and reflected as:		
Mineral exploration and evaluation assets	11,982	-
General and administrative expenses	10,095	22,270
Rent paid to a corporation which is controlled by the President of the Company	5,250	5,250

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.

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

	2016	2015
	\$	\$
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	7,158	7,976
Mineral exploration and evaluation assets	2,817	-
Other fees paid directly by the Company:		
Management fee- other	3,750	3,750
Directors' fees	6,250	6,250
Share-based compensation:		
General and administrative expense	17,843	1,949
Mineral exploration and evaluation assets	2,540	-
	40,358	19,925

Accounts payable and accrued liabilities include \$24,948 owing to parent company, Vulcan Minerals Inc. at March 31, 2016 (\$36,153 – December 31, 2015).

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Sharon M. Dunn
Chief Financial Officer and Corporate
Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Carson Noel

William Koenig

Edna F. Turpin

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

ADDITIONAL INFORMATION

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HEAD OFFICE

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RED MOON POTASH INC.

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

For the Three Months Ended March 31, 2016

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 Potash 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 has no proven mineral reserves.

The MDA should be read in conjunction with the financial statements for the period ended March 31, 2016 and accompanying notes.

DATE

The date of this MDA is May 27, 2016.

OVERALL PERFORMANCE

The Company reported a net loss of \$52,537 for the three months ended March 31, 2016 (as compared to a net loss of \$68,184 for the three months ended March 31, 2015) (decrease in net loss of \$15,647). The 2016 loss consisted of administrative expenses of \$34,849 and share-based compensation costs of \$17,843 and was reduced by interest income of \$155. The 2015 loss consisted of administrative expenses of \$66,213 and share-based compensation costs of \$2,116 and reduced by interest income of \$145.

General and administrative expenses were \$34,849 for the three months ended March 31, 2016 (\$66,213 for the three months ended March 31, 2015) and include the following components:

General & Administrative Expenses Include:	Three Months Ended March 31	
	2016	2015
	\$	\$
Management and subcontract fees	14,136	26,020
Transfer agent and professional fees	6,202	20,768
Directors' fees	6,250	6,250
Rent	5,250	5,250
Office and other	3,011	5,477
Conferences, travel and accomodation	-	2,448
Total	34,849	66,213

The Company recorded share based compensation expense of \$17,843 for the three months ended March 31, 2016 (\$2,166- March 31, 2015). 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.

RESULTS OF OPERATIONS

Mineral Properties- Background

Potash/Salt

The Company acquired a 100% interest in mineral licenses 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, whereby Vulcan spun-out certain mineral exploration assets into the Company, subject to a 3% production royalty. The Company issued 20,499,999 shares with an assigned amount of \$0.05 per share (\$1,025,000) in exchange for the interest in the mineral licenses. The licenses include the mineral rights to lands in the Bay St. George Basin that have potential for potash and salt deposits. The prospective area is part of the larger Maritimes Basin that is a significant producer of salt and potash.

During the course of petroleum exploration in the Bay St. George basin, Vulcan drilled the Captain Cook #1 hole which discovered a 165-meter thick section of evaporites consisting of halite (salt) and a potentially significant potash zone. Analysis of the core indicated grades varying from 4.44% - 20.40% K₂O (potassium oxide) and a high grade halite interval exceeding 96% NaCl (salt). Subsequent drill holes by the Company have followed up this discovery.

Drilling at the Captain Cook project has discovered a relatively shallow, high grade salt deposit adjacent to the site of a former gypsum mine. The project has access to extensive infrastructure including a port, constructed by the former gypsum mine operator that is located approximately 5 kilometers by haulage road from the discovery hole. The Trans-Canada highway and several other secondary roads and high voltage power lines cross the property. The Stephenville airport is a 20 minute drive from the property.

Exploration Activity in 2013

The Company carried out a drilling program on its Bay St. George property in 2013 to test for salt and potash. Two holes were drilled offsetting the Captain Cook # 1 discovery representing stepouts of 1,000 meters to the northeast (Captain Cook #2) and 500 meters to the southwest (Captain Cook #3). Captain Cook #2 encountered 150 metres (303-453 m) of salt including an upper zone of interbedded red salt, grey salt, mudstone and disseminated sylvite (potash) at 318 m - 329 m. Captain Cook #3 encountered 70 metres of salt (225m - 295m) including a zone of interbedded red and grey salt with minor sylvite at 275 m - 280 m.

The cores from the 2013 holes were sampled for NaCl (salt) concentrations. Salt analysis at Captain Cook #1 was very encouraging with a high grade zone of 32 metres (220m-252m) of NaCl exceeding 96% purity. This occurs in a wider interval of salt exceeding 160m in thickness. The 2013 results suggested that the immediate Captain Cook area was more prospective for salt than potash. The potash occurrence in both holes indicates the extensive nature of the potash deposition and suggest that more prospective areas lie elsewhere in the basin.

Exploration Activity in 2014

In 2014 the Company drilled two holes as a delineation program for salt in the Captain Cook area utilizing a continuous coring rig. Captain Cook #4 is located 1500 metres northeast of the discovery hole CC #1 and was drilled to a total depth of 536 metres. It encountered a gross thickness of 347 metres of salt including a potash/mudstone interval. Captain Cook #5 is located 1000 metres east of CC #1 and was drilled to 632 metres. It encountered a gross thickness of 231 metres of salt including three potash beds each less than one metre thick. Analysis of the core indicated thick sections of high grade salt but the potash grades were low.

As a result of the Company's ongoing evaluation of the Bay St. George Basin, some historical drilling results were compiled to evaluate the potash potential outside the immediate Captain Cook area. In 1972, Hooker Chemical Corp. drilled the Hooker Robinson's hole approximately 25 kilometres southwest of the Captain Cook area in search of potash. The hole was located on the basis of a gravity low anomaly indicative of a salt swell. It encountered a gross salt interval of 483m from 212m to 695m depth. Within the salt they intersected a gross interval of 159m of potash/salt/mudstone. The individual zones were relatively thick and consist of salt, potash and mudstone such that the assays were probably blended and may contain higher grades of potash over narrower intervals across each zone. This is suggested in the interval 522.73 - 523.10m where four individual samples of potash were reported with relatively high grade potassium exceeding 20% potassium chloride. These were the only samples for which assays were provided over narrow intervals. These results are as reported by Hooker Chemical in an assessment report filed with the Government of Newfoundland, Dept of Natural Resources in 1973, specifically Stormon, D.B.(1973) "Analysis of Robinson's Salt Deposit , private report to Hooker Chemical" NFLD 12B (151). Though it is historical in nature and not verifiable by a Qualified Person pursuant to National Instrument 43-101, the report and its contents appear to have been prepared under standard best practices of the time and the Company has no reason to doubt its validity. The Hooker Robinson's hole was located on a gravity low anomaly and appears to have been drilled on a salt swell where significant amounts of potash were preserved in mudstone and salt beds.

2015 Program

Captain Cook Salt project

In October the Company announced that it retained Apex Geoscience Ltd. of Edmonton, Alberta to undertake the preparation of 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:

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.

NaCl lower cut-off (%)	Volume (m³)	Tonnes (million)	Density (kg/m³)	NaCl (%)	Tonnes <i>in- situ</i> (million)
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).

Resource Estimate Overview

The Captain Cook deposit is classified as an *Inferred Resource* based on geological confidence, data quality and grade continuity. The most relevant factors used in the classification process were: drillhole number and spacing density; level of confidence in the geological interpretation; estimation parameters (i.e. continuity of halite); and number and nature of the existing sampling. The resource area is 3.73 km².

Mineral resource modeling and estimation utilized a three-dimensional block model based on geostatistical applications and used inverse distance squared (ID2) estimation algorithms. Five drillholes, together with seismic data, were used to guide the geological interpretation of the resource area. Within the model, the thickness of the halite zone ranges from 68 m to 343 m, has an average thickness of 200 m to 250 m, and occurs at depths of between 183 m and 394 m.

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.

Robinsons/St. Fintans Potash Project

The Company acquired, through staking, 161 mineral claims in the Bay St. George basin as an extension of its existing salt/ potash project. Based on ongoing research of historical work in the basin, the Company staked the claims to cover the St. Fintans hole drilled in 1973 and the surrounding prospective area. The St. Fintans drill results are reported in an assessment report filed by Hooker Industrial Chemicals with the Government of Newfoundland & Labrador, specifically Peacon, D.R. (1973) "Report on the St. Fintans Salt deposit" publically available at file reference NFLD 12B/2 (178) Department of Natural Resources. Though the report contains historical information and is not verifiable by a Qualified Person pursuant to National Instrument 43-101, the report and its contents appear to have been prepared under industry standards at the time. The Company is not aware of any reason to doubt their reliability or validity. The hole was

drilled to a total depth of 459 metres and encountered a 143 m gross interval of mixed salt, potash and mudstone from 230 m to 373 m averaging 4.37% potassium chloride (KCl). Within that gross interval are higher grade potash zones, presented in Table 1 below. An arbitrary cut-off of 7% KCl is tabulated to demonstrate the tenor of the mineralization and is not meant to be reflective of any economic parameter.

From (m)	To (m)	Thickness (m)	K (%)	Mg (%)	*K ₂ O (%)	**KCl (%)
235.61	236.52	0.91	7.56	0.06	9.11	14.42
236.52	237.29	0.76	5.81	0.09	7.00	11.08
238.05	238.81	0.76	3.68	0.10	4.43	7.02
240.49	241.25	0.76	5.72	0.04	6.89	10.91
241.25	242.01	0.76	5.75	0.06	6.93	10.96
242.62	243.38	0.76	4.66	0.05	5.61	8.89
244.14	244.91	0.76	4.61	0.03	5.55	8.79
244.91	245.67	0.76	6.61	0.12	7.96	12.60
245.67	246.43	0.76	4.20	0.46	5.06	8.01
247.95	248.72	0.76	4.55	0.08	5.48	8.68
249.63	250.24	0.61	5.16	0.07	6.22	9.84
253.29	254.20	0.91	3.74	0.11	4.51	7.13
254.20	254.81	0.61	4.91	0.11	5.91	9.36
261.82	262.43	0.61	3.80	1.15	4.58	7.25
262.43	263.19	0.76	5.44	1.24	6.55	10.37
278.89	279.65	0.76	4.65	1.65	5.60	8.87
279.65	280.42	0.76	4.89	1.70	5.89	9.32
280.42	281.33	0.91	5.34	2.92	6.43	10.18
281.94	282.55	0.61	4.40	1.51	5.30	8.39
283.46	284.07	0.61	3.86	1.76	4.65	7.36
285.60	286.21	0.61	6.88	0.45	8.29	13.12
320.95	321.87	0.91	5.34	1.66	6.43	10.18
321.87	322.78	0.91	5.30	1.60	6.38	10.11
366.83	367.59	0.76	5.78	1.20	6.96	11.02
369.11	369.72	0.61	4.35	0.86	5.24	8.30

Table 1. Assay intervals greater than 7.00% KCl from the St. Fintans drillhole. All data are derived directly from the above referenced report by Hooker Industrial Chemicals.

*K₂O is calculated using the conversion factor 1.2046 [(molecular mass of K₂O/molecular mass of K)]

**KCl is calculated from %K using the conversion factor 1.9606 [(molecular mass of KCl/molecular mass of K)]

St. Fintans is located 9 km southwest of the historic Hooker Robinsons hole and 34 km from the Captain Cook area. The historic drill results in the Robinson's-St. Fintans area highlights a new exploration site separate from the Captain Cook area. Both the Robinsons and St. Fintans holes intersected very thick gross potash intervals interbedded with salt and mudstone suggesting significant salt swell movement. Successful geological models used to delineate the potash deposits in the Sussex Basin of New Brunswick indicate that relatively undisturbed potash beds, with the potential for higher grades, may occur down slope of salt swells. The Company is currently evaluating its existing geological and geophysical data base in this area to define drill

targets consistent with this model to locate the intact potash beds presumed to be the source of the multiple potash layers in the historic holes.

Plans 2016

The Company is soliciting funding by way of partnerships and 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 evaluating the prospects for gypsum and base metals on its Bay St. George mineral claims. The claims were previously mined (open pit) for gypsum and based on historical research and preliminary field evaluations there is potential for further gypsum development. Detailed field work will be necessary to determine the magnitude of the remaining gypsum resource on the property and whether or not it has commercial potential.

MINERAL EXPLORATION AND EVALUATION ASSETS

The major components of mineral exploration and evaluation assets at March 31, 2016 are as follows:

Acquisition costs- licenses	\$ 1,025,000
Mineral licences and licenses renewals	60,900
Drilling, geological, geophysical and related costs	1,036,367
Share-based compensation	21,491
Government grants	(200,000)
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Balance March 31, 2016	<u>\$ 1,943,758</u>

SUMMARY OF QUARTERLY RESULTS

Quarter	Total Revenue	Net Loss	Net Loss per share
	\$	\$	\$
March 31, 2016	155	(52,537)	(0.001)
December 31, 2015	87	(47,153)	(0.001)
September 30, 2015	46	(19,056)	(0.001)
June 30, 2015	80	(35,720)	(0.001)
March 31, 2015	145	(68,184)	(0.002)
December 31, 2014	337	(60,008)	(0.001)
September 30, 2014	960	(25,846)	(0.001)
June 30 2014	770	(52,434)	(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 June 30, 2014 quarter includes share-based compensation costs totalling \$7,666 for the 2014 quarters, \$2,144 for the four quarters in 2015, and \$17,843 for the March 2016 quarter.

LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN

The Company had current assets of \$163,243 at March 31, 2016, including cash of \$150,500. The Company had accounts payable and accrued liabilities of \$42,120, resulting in working capital of \$121,123. The Company received a government grant of \$7,222 from the Government of Newfoundland and Labrador in April 2016 related to eligible mineral exploration costs. The grant will be recorded in the June 2016 quarter as reduction of mineral and exploration assets.

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.

The Company believes it has sufficient funds to pay its ongoing general and administrative expenses for 2016. However, the Company must secure funding to fund exploration and evaluation activities and to identify, acquire, and maintain exploration licenses.

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

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 licenses 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 licenses represented by 36,375 hectares. In 2013 to 2015, in addition to the acquisition of additional mineral licences, the Company regrouped several of its original mineral licenses, resulting in the Company holding 17 mineral licenses at March 31, 2016, representing 26,000 hectares in the Bay St. George region of Western Newfoundland.. The Company's current mineral licenses are in good standing in respect of ongoing work obligations.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred expenditures of \$22,077 for the three months ended March 31, 2016 (\$22,270-three months ended March 31, 2015) in transactions with its parent company. Vulcan provided management, administrative, and technical services to the Company. Related party general and administrative amounts which were expensed totaled \$10,095 in the three months ended March 31, 2016 (\$22,270- 2015). The related party expenditures capitalized to mineral exploration and evaluation assets totaled \$11,982 for the three months ended March 31, 2016 (\$nil- three months ended March 31, 2015). 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 \$5,250 for the three months ended March 31, 2016 (2015-\$5,250) to a private company controlled by the President and CEO of the Company. The Company paid management fees of \$3,750 for the three months ended March 31, 2016 (2016- \$3,750) to the President and CEO of the Company.

The Company's five directors were each paid \$1,250 in director's fees in the three months ended March 31, 2016 (total directors' fees of \$6,250 for the three months ended March 31, 2016 (total directors' fees of \$6,250 in the three months ended March 31,2015). Each director is paid an annual director's fee of \$2,500 paid by way of two instalments in January and June.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New and amended standards adopted by the Company

The following standard has been adopted by the Company for the period beginning on January 1, 2016:

IAS 16, "*Property, plant and equipment*" and IAS 38 "*Intangible assets*" were amended to clarify acceptable methods of depreciation and amortization. The amendments are effective for fiscal years beginning on or after January 1, 2016. The adoption of this standard had no impact on the Company's financial statements.

IFRS 11, "*Joint arrangements*" was amended to provide additional guidance on accounting for the acquisition of an interest in a joint operation. The amendment is effective for fiscal years beginning on or after January 1, 2016. The adoption of this standard had no impact on the Company's financial statements.

Standards and amendments not yet effective and not yet applied

IFRS 9, "*Financial instruments*" ("IFRS 9") introduces new requirements for the classification and measurement of financial assets. IFRS 9 required all recognized financial assets that are within the scope of IAS 39 Financial Instruments-Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its financial statements.

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. 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 currently evaluating the financial impact of these amendments on its financial statements.

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 Company is reviewing the standards and amendments, to determine the potential impact, if any, on its 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 March 31, 2016 the Company had a cash balance of \$150,500 and working capital of \$121,123. 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 exploration programs. Liquidity risk is significant to the Company.

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 May 27, 2016. 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 3,350,000 stock options outstanding at May 27, 2016 with 2,550,000 exercisable at that date. Each option entitles the holder to acquire one common share at \$0.10 per share. The weighted average remaining contractual life of the outstanding options is 3.33 years and the weighted average remaining contractual life of exercisable options is 2.82 years. The Company granted 1,600,000 stock options to directors and officers in the March 2016 quarter. Each option entitles the holder to purchase one common share at \$0.10 per share. 800,000 options vested on March 16, 2016 and 800,000 options will vest on December 31, 2017. The options have a five year life and will expire on March 16, 2021.

The Company has 5,025,000 warrants outstanding at May 27, 2016. Each of 2,500,000 warrants entitles the holder to purchase one common share at \$0.25 per share until May 30, 2016. Each of 2,525,000 warrants entitles the holder to purchase one common share at \$0.10 per share until December 1, 2017.

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.redmoonpotash.com