



Interim Condensed Financial Statements

For the Three Months Ended March 31, 2020 and 2019

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

RED MOON RESOURCES INC.

March 31, 2020 and 2019

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RED MOON RESOURCES INC.
Condensed Balance Sheets
(Unaudited)

As at

(in Canadian dollars)

	March 31	December 31
	2020	2019
	\$	\$
Assets		
Current assets		
Cash	220,562	266,831
Accounts receivable	12,774	6,355
Prepaid expenses	2,327	4,655
	235,663	277,841
Capital assets	569	700
Mineral exploration and evaluation (Note 3)	1,918,058	1,907,217
Total Assets	2,154,290	2,185,758
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	121,672	124,423
Asset retirement obligations (Note 4)	129,430	129,430
Total Liabilities	251,102	253,853
Shareholders' Equity		
Share capital	2,839,083	2,839,083
Warrants	102,121	102,121
Contributed surplus	379,652	373,412
Deficit	(1,417,668)	(1,382,711)
Total Shareholders' Equity	1,903,188	1,931,905
Total Liabilities and Shareholders' Equity	2,154,290	2,185,758

Nature of operations and going concern (Note 1)

Subsequent Event (Note 7)

Approved on behalf of the Board of Directors

Patrick J. Laracy **Director**

William Koenig **Director**

See accompanying notes to the condensed financial statements

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

(in Canadian dollars)	2020	2019
	\$	\$
Income (Expenses)		
Management and subcontract fees (Note 6)	(6,875)	(1,750)
Transfer agent, regulatory and professional fees	(6,295)	(9,714)
Office and other	(8,967)	(4,891)
Conferences and travel	(6,449)	(10,080)
Depreciation	(131)	(131)
Exploration and evaluation expense	-	
Share-based compensation (Note 5 (b))	(6,240)	(11,691)
Net and comprehensive loss	(34,957)	(38,257)
Net loss per share - basic and diluted	(0.001)	(0.001)
Weighted-average number of common shares outstanding - basic and diluted	50,600,004	48,050,004

See accompanying notes to the condensed financial statements

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

(in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
	\$	\$	\$	\$	\$
Balance, December 31, 2018	2,622,179	66,000	292,678	(1,168,813)	1,812,044
Net and comprehensive loss					
January 1, 2019 - March 31, 2019	-	-	-	(38,257)	(38,257)
Share-based compensation	-	-	11,992	-	11,992
Balance, March 31, 2019	2,622,179	66,000	304,670	(1,207,070)	1,785,779
Net and comprehensive loss					
April 1, 2019- December 31, 2019	-	-	-	(175,641)	(175,641)
Share-based compensation	-	-	68,742	-	68,742
Share issuance costs	(1,975)	-	-	-	(1,975)
Issuance of shares and warrants pursuant to private placement	218,879	36,121	-	-	255,000
Balance, December 31, 2019	2,839,083	102,121	373,412	(1,382,711)	1,931,905
Net and comprehensive loss					
January 1, 2020 - March 31, 2020	-	-	-	(34,957)	(34,957)
Share-based compensation	-	-	6,240	-	6,240
Balance, March 31, 2020	2,839,083	102,121	379,652	(1,417,668)	1,903,188

See accompanying notes to the condensed financial statements

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

(in Canadian dollars)	2020	2019
	\$	\$
Operating Activities		
Net loss	(34,957)	(38,257)
Adjustment for non-cash item:		
Depreciation	131	131
Share-based compensation	6,240	11,691
	(28,586)	(26,435)
Changes in non-cash working capital		
Accounts receivable	(6,419)	(3,712)
Prepaid expenses	2,328	1,768
Accounts payable and accrued liabilities	(2,751)	(9,765)
	(35,428)	(38,142)
Financing Activities		
Issuance of common shares & warrants	-	165,000
	-	165,000
Investing Activities		
Mineral exploration and evaluation assets	(10,841)	(33,528)
	(10,841)	(62,457)
Net change in cash for the period	(46,269)	93,330
Cash, beginning of period	266,831	1,755
Cash, end of period	220,562	95,085

See accompanying notes to the condensed financial statements

RED MOON RESOURCES INC.

Notes to the Condensed Financial Statements

March 31, 2020 and 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

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

Red Moon Resources Inc. (the "Company") is a junior minerals exploration company engaged in the acquisition, evaluation and exploration of mineral properties in Newfoundland and Labrador. The Company's immediate objectives are to define and develop a world-class industrial mineral projects. The Company plans to ultimately develop properties as joint ventures, bring them into production, option or lease properties to third parties, or sell the properties outright. Currently the Company's Ace Gypsum mine is in the pre-production stage and has had pre-production income of \$414,648 total to date. 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 \$34,957 for the three months ended March 31, 2020 (March 31, 2019- \$38,257) and had an accumulated deficit of \$1,417,668. The Company had no income or cash flow from operations at March 31, 2020 and had a positive working capital of \$113,991. Pre-production income from the Ace Gypsum mine has provided a source of cash inflows in prior years; however, 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

The Company prepares its financial statements with Canadian generally accepted accounting principles ("GAAP") as set out in the Canadian Professional Accountants of Canada Handbook – Accounting –

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Notes to the Condensed Financial Statements
March 31, 2020 and 2019

Part I (“CPA Canada Handbook”) which incorporates International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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 annual financial statements. These unaudited interim condensed financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2019.

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 May 27, 2020.

3. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 19 mineral licences (2019 -19) which consist of 233 claims (2019 – 233 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:

	March 31, 2020				
	Balance, Beginning of Year	Additions	Write- downs	Incidental Revenue	Balance, End of Period
	\$	\$	\$	\$	\$
Property acquisition costs	1,096,390	-	-	-	1,096,390
Exploration costs	810,827	10,841	-	-	821,668
	1,907,217	10,841	-	-	1,918,058

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December 31, 2019

	Balance, Beginning of Year	Additions	Write- downs	Incidental Revenue	Balance, End of Year
	\$	\$	\$	\$	\$
Property acquisition costs	1,084,965	11,425	-	-	1,096,390
Exploration costs	1,007,767	170,900	(1,440)	(366,400)	810,827
	2,092,732	182,325	(1,440)	(366,400)	1,907,217

Incidental revenue includes proceeds from the sale of gypsum from the Ace Gypsum mine. Current year additions to mineral exploration costs include share based compensation of nil (2019- \$2,563).

4. ASSET RETIREMENT OBLIGATIONS

Upon termination of the Company's Ace Gypsum mine, the Company is required to satisfy certain asset retirement obligations including the removal of any equipment and the restoration of the land and premises to their original condition.

The total discounted cash flows estimated to settle its asset retirement obligations at March 31, 2020 was \$129,430 (December 31, 2019- \$129,430), The estimated future cash flows have been discounted using a risk-free rate of 1.69%. As at March 31, 2020, the Company had entered an agreement with an insurance company to provide a surety bond to the Newfoundland and Labrador government in compliance with its requirements under the approved site development plan, as submitted and reviewed by the government of Newfoundland and Labrador. As additional work and reclamation is completed on the property, the Company will increase or decrease this bond as required by the Newfoundland and Labrador government.

A reconciliation of the asset retirement obligation is provided below:

	2020	2019
	\$	
Balance, beginning of year	129,430	35,777
Provisions incurred	-	93,653
Balance, end of period	129,430	129,430

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Notes to the Condensed Financial Statements
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5. SHARE-BASED COMPENSATION

a) Stock option plan

The Company has a stock option plan under which directors, officers, management, consultants and employees of the Company are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan shall not exceed 10% of the issued shares of the Company at the time of granting the options. The number of shares which may be reserved for issuance in any 12 month period to any one individual may not exceed 5% of the issued shares or 2% if the optionee is a consultant, and the number of shares which may be reserved for issuance in any 12 month period to all optionees engaged in investor relations activities may not exceed 2% in the aggregate of the issued shares on a yearly basis. Options may be exercisable over periods of up to ten years, as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, with the amount of the discount varying with market price in accordance with the policies of the TSXV.

b) Stock options

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

	March 31, 2020		December 31, 2019	
	Number of Options	Weighted- Average Exercise Price	Number of Options	Weighted- Average Exercise Price
		\$		\$
Outstanding, beginning of year	4,500,000	0.10	3,800,000	0.10
Granted	-	-	700,000	0.10
Expired	(600,000)	-	-	-
Outstanding, end of period	3,900,000	0.10	4,500,000	0.10
Outstanding and exercisable, end of period	3,550,000	0.10	4,150,000	0.10

The weighted average remaining contractual life of outstanding options is 2.68 years (December 31, 2019 – 2.91 years). The weighted average remaining contractual life of exercisable options is 2.50 years (December 31, 2019- 2.54 years). No stock options were granted in the three months ended March 31, 2020. The weighted average fair value of stock options granted in the year ended December 31, 2019 was estimated on the dates of the grants to be \$0.0905 using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

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	March 31, 2020	December 31, 2019
Expected volatility (%)	-	183.00
Risk free interest rate (%)	-	1.65
Weighted-average expected life (years)	-	5.00
Dividend yield (%)	-	-

The Company recognized share-based compensation in the amount of \$6,240 in the three months ended March 31, 2020 (March 31, 2019 - \$11,992). Share-based compensation in the amount of \$6,240 was expensed for the three months ended March 31, 2019 (March 31, 2019 – \$11,691) and nil (March 31, 2019 - \$301) was capitalized to mineral exploration and evaluation assets.

6. RELATED PARTY TRANSACTIONS

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	\$	\$
Expenditures paid/payable to Vulcan Minerals Inc., parent of the Company and reflected as:		
Mineral exploration and evaluation assets	6,875	1,750
General and administrative expenses	10,840	7,656
Rent paid to a corporation which is controlled by the President of the Company	3,000	3,000
	20,715	12,406

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

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	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	\$	\$
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	6,875	1,750
Capitalized as mineral and exploration and evaluation assets	5,940	2,070
Share-based compensation		
General and administrative expense	6,240	11,691
Mineral exploration and evaluation assets	-	301
	19,055	15,812

Accounts payable and accrued liabilities include \$94,046 owing to parent company, Vulcan Minerals Inc. at March 31, 2020 (December 31, 2019 - \$73,672). Included in expenses are costs of \$29,720 rechargeable from the parent (December 31, 2019 - \$44,185). Also included is a payable of \$12,255 due to the parent Company for a 3% Net Production Royalty on net proceeds from the Ace Gypsum mine production was incurred in the year

7. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The impact of the outbreak on the financial results of the Company will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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
Cox & Palmer, St. John’s, NL

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada

AUDITORS
PricewaterhouseCoopers LLP

BANKERS
Scotiabank

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RED MOON RESOURCES INC.

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

For the Period Ended March 31, 2020

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”) (63.03% ownership at December 31, 2019) 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. The Company is engaged in mineral exploration and development on industrial mineral properties in Newfoundland and Labrador. The Company’s immediate efforts will focus on exploring and developing these properties. The Company has recently commenced producing gypsum from its Ace Gypsum mine.

The MDA should be read in conjunction with the condensed financial statements for the period ended March 31, 2020 and accompanying notes.

DATE

The date of this MDA is May 27, 2020.

OVERALL PERFORMANCE

The Company reflected a loss of \$34,957 for the three months ended March 31, 2020 (March 31, 2019- \$38,257) and had an accumulated deficit of \$1,417,668. The loss for the three months ended March 31, 2020 consisted mainly of administrative expenses of \$28,586 (2019- \$26,435) and share based compensation of \$6,240 (2019- \$11,691).

The following table outlines the significant components of general and administrative expenses for the period ended March 31, 2020 & 2019:

General & Administrative Expenses include:	Periods Ended March 31	
	2020	2019
	\$	\$
Management and subcontract fees	6,875	1,750
Transfer agent, regulatory and professional	6,295	9,714
Office and other	8,967	4,891
Conferences, travel and accommodation	6,449	10,080
Total	28,586	26,435

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 salt, gypsum, potash 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 below);

-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 drill hole 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> lower cut-off (%)	Volume (m ³)	<u>Tonnes</u> (million)	Density (kg/m ³)	<u>NaCl</u> (%)	<u>Tonnes in-</u> <u>situ</u> (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).

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 was 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. Preliminary market analysis was encouraging enough to warrant proceeding with the project to production. It is anticipated that production could 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 mining services have been contracted in the local area. The project was registered pursuant to the provincial environmental review process on Dec 13, 2017 and released from further review on February 21, 2018. The company retained an external engineering firm to prepare a mine development plan which was submitted to the Department of Natural Resources (DNR) on April 6, 2018. On July 19, 2018, the mine development plan was approved by DNR. The Company initiated operations on July 20, 2018. For the year ended December 31, 2019, the Company completed eight sales in 2019 which are reflected as net proceeds of \$366,400. The commercial viability of these operations will be assessed as more sales are completed and market availability is established. Production amounted to 155,915 tonnes in 2019 which is consistent with the projections in the development plan.

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 due to 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 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 on the composite bulk sample has confirmed encouraging results comparable to the 2016 analysis. Further work is being designed to fully quantify the material's mineralogical characteristics and evaluate the potential tonnage through drilling.

The Company is soliciting funding by way of partnerships or equity funding to advance the Captain Cook salt project to a feasibility stage. Details of the project's merits have been provided to several interested parties including salt producers and potential equity investors and discussions are ongoing. Given the encouraging analytical results from the Black Bay Nepheline deposit the Company is soliciting partners to help advance the evaluation of the project.

As well, the Company plans to continue gypsum production at the Ace Mine and anticipates resuming production in 2020 subject to market conditions and disruptions to both production and sales due to the Covid-19 pandemic. The Company acknowledges the continued spread of the coronavirus globally and that the prolonged restrictive measures put in place in order to control an outbreak of COVID-19 could materially and adversely impact the Company's ability to produce and market gypsum. Notwithstanding these uncertainties, the Company through its contract miner, has initiated safe field operations in anticipation of 2020 production.

MINERAL EXPLORATION AND EVALUATION ASSETS

The major components of mineral exploration and evaluation assets at March 31, 2020 are as follows:

Acquisition costs- licences	1,025,000
Mineral licences and licences renewals	66,746
Asset Retirement Obligation	129,430
Drilling, geological, geophysical and related costs	1,337,681
Share-based compensation	2,563
Gypsum Sales	-414,648
Government Grants	-228,714
Balance	1,918,058

SUMMARY OF QUARTERLY RESULTS

Quarter	Total Income	Net Loss	Net Loss per share
	\$	\$	\$
March 31, 2020	nil	(34,957)	(0.001)
December 31, 2019	nil	(123,532)	(0.003)
September 30, 2019	nil	(24,185)	(0.005)
June 30, 2019	nil	(27,924)	(0.001)
March 31, 2019	nil	(38,257)	(0.001)
December 31, 2018	nil	(21,582)	(0.004)
September 30, 2018	nil	(50,580)	(0.001)
June 30, 2018	nil	(106,229)	(0.002)
March 31, 2018	nil	(17,802)	(0.000)
December 31, 2017	52	(36,300)	(0.001)
September 30, 2017	nil	(14,711)	(0.000)

Revenue for each quarter is represented by interest income. The loss for each quarter is represented primarily by administrative expenses, except December 31, 2018, September 30, 2018 and June 30, 2018 which is made up primarily of share-based compensation. Income from the Ace gypsum mine is considered pre-production income and therefore \$414,648 total to date is netted against the exploration and evaluation asset until such time that the mine is technically feasible and commercially viable.

LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN

The Company had current assets of \$235,663 at March 31, 2020 including cash of \$220,562. The Company had accounts payable and accrued liabilities of \$121,672 resulting in positive working capital of \$113,991. Included in accounts payable balance is \$94,046 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 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 2019, in addition to the acquisition of additional mineral licences, the Company regrouped several of its original mineral licences, resulting in the Company holding 19 mineral licences at March 31, 2020, representing approximately 5,800 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's only immediate revenue stream is expected from the production of gypsum, the magnitude of which is uncertain at this time, given the startup stage of the mining operation.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred expenditures of \$17,715 for the three months ended March 31, 2020 (March 31, 2019- \$9,406) in transactions with its parent company. Vulcan provided project management, technical services and field operation services to the Company. 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.

The Company accrued premises rent in the amount of \$3,000 for the period ended March 31, 2020 (March 31, 2019- \$3000 accrued) to a private company owned and controlled by the President and CEO of the Company.

Accounts payable and accrued liabilities include \$94,046 owing to parent company, Vulcan Minerals Inc. at March 31, 2020 (December 31, 2019 - \$73,672). Included in expenses are costs of

\$29,720 re-chargeable from the parent (December 31, 2019 - \$44,185). Also included is a payable of \$12,255 due to the parent Company for a 3% Net Production Royalty on net proceeds from the Ace Gypsum mine production was incurred in the year

FINANCIAL INSTRUMENTS AND RISKS

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. The Corporation is exposed to various risks resulting from its operations. The Corporation's main risk exposure and its risk management policies are as follows:

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, consequences of Covid-19 pandemic, 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. The Company has established sources of funding including equity financing and joint venture financing arrangements. Recently established production at its Ace gypsum mine also provides cash flow to mitigate these risks. 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 comply.

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, 2020 the Company had a cash balance of \$220,562 (December 31, 2019- \$266,831) and positive working capital of \$113,991 (December 31, 2019- \$153,418). The Company has no established 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. Epidemics such as COVID-19 could have a material

adverse impact on the Corporation's ability to raise sufficient funds to operate the business. Management is continually evaluating alternatives to secure 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. The extent to which COVID-19 impacts the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak.

Commodity price risk- The value of the Company's mineral exploration and evaluation assets is partially related to the market price of metals and industrial minerals. 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 50,600,004 at May 28, 2020. 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 3,900,000 stock options outstanding at May 28, 2020. as outlined below. There were 3,550,000 options exercisable at May 28, 2020. The Company has 3,800,000 warrants outstanding at May 28, 2020 of which 2,000,000 are held by the parent company, Vulcan Minerals.

Date Issued	Number	Exercise Price	Details
Stock Options			
December 30, 2019	600,000	\$0.10	Directors' Options, Expiry December 30, 2024
May 6, 2019	100,000	\$0.10	Directors' Options, Expiry May 6, 2024
April 27, 2018	2,000,000	\$0.10	Directors' Options, Expiry April 27, 2023
March 16, 2016	1,200,000	\$0.10	Directors' Options, Expiry March 16, 2021
Warrants			
April 9, 2019	1,275,000	\$0.25	Share Purchase Warrants, Expiry April 9, 2021
Dec 1, 2015	2,525,000	\$0.10	Share Purchase Warrants, Expiry November 6, 2020

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