

RED MOON RESOURCES INC.

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

For the Three and Six Months Ended June 30, 2018

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

General Business

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

The MDA should be read in conjunction with the unaudited financial statements for the period ended June 30, 2018 and accompanying notes.

DATE

The date of this MDA is August 24, 2018.

OVERALL PERFORMANCE

The Company reported a net loss of \$106,229 for the three months ended June 30, 2018 (as compared to a net loss of \$18,741 for the three months ended June 30, 2017) (increase in net loss of \$87,467).

The 2018 loss consisted of administrative expenses of \$21,947, a write down of \$1,050 of deposits and recording fees on mineral licences which have expired, depreciation of \$131 and share based compensation of \$83,101. The Company granted 2,400,000 stock options in April 2018, with 1,200,000 options vesting immediately. The 2017 loss consisted of administrative expenses of \$10,914, a write down of \$6,450 of deposits and recording fees on mineral licences which have expired, share based compensation of \$1,398 and was reduced by interest income of \$21.

The Company reported a net loss of \$124,031 for the six months ended June 30, 2018 (as compared to a net loss of \$43,775 for the six months ended June 30, 2017) (increase in net loss of \$80,256).

The 2018 loss consisted of administrative expenses of \$39,318, a write down of \$1,350 of deposits and recording fees on mineral licences which have expired, depreciation of \$262 and share based compensation of \$83,101. The Company granted 2,400,000 stock options in April 2018, with 1,200,000 options vesting immediately. The 2017 loss consisted of administrative

expenses of \$34,576, a write down of \$6,450 of deposits and recording fees on mineral licences which have expired, share based compensation of \$2,796 and was reduced by interest income of \$47.

The following table outlines the significant components of general and administrative expenses each of the three month and six months ended June 30, 2018 and 2017:

General & Administrative Expenses include:	Three Months Ended 30-Jun		Six Months Ended 30-Jun	
	2018	2017	2018	2017
	\$	\$	\$	\$
Management and subcontract fees	3,500	3,500	7,000	7,000
Transfer agent, regulatory and professional	8,702	3,043	11,952	10,611
Conferences, travel and accommodation	3,538	-1,162	7,463	6,065
Office and other	6,207	5,533	12,903	10,900
Total	21,947	10,914	39,318	34,576

General & Administrative Expenses include:	Years Ended December 31	
	2017	2016
	\$	\$
Management and subcontract fees	14,000	34,049
Transfer agent, regulatory and professional	38,834	39,993
Directors' fees		12,500
Office and other	22,152	27,721
Conferences, travel and accommodation	6,670	1,138
Depreciation	750	

RESULTS OF OPERATIONS

Mineral Properties- Background

Captain Cook Salt

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

In January 2016 Apex Geoscience Ltd. of Edmonton, Alberta completed a National Instrument 43-101 compliant Mineral Resource Assessment report on the halite (rock salt) deposit located at the Captain Cook project in western Newfoundland. The report is based primarily on the Company's drilling results from 2013 and 2014, related geophysical data and historical information. This is

the first mineral resource assessment of the Captain Cook rock salt deposit. Highlights of the resource report are as follows:

Captain Cook Salt- Salt Resource Estimate Highlights

-Using a 95.0% lower base cut-off for sodium chloride, the Captain Cook Halite Resource Estimate is classified as “Inferred” and demonstrates that there is 908 million tonnes of high purity halite (96.9% salt) for 880 million in-situ tonnes of salt (Table 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 drillhole CC-4, contains 96.8% NaCl over 335.3 m, which includes two large segments of high purity halite of 98.0% NaCl over 125.3 m and 97.5% NaCl over 177.3 m;

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

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

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

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

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

Gypsum – Ace Deposit

The Company has been evaluating the gypsum potential of its mineral licences in the dormant Flat Bay gypsum mines approximately 3 km southwest of the Captain Cook salt deposit. Gypsum 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 contract mining services are available in the 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 production operations on July 20, 2018 including removal of overburden. A contract mining distribution and marketing arrangement has been entered into with Vinland Materials Inc. The Company expects to initiate sales of product in 2018 as markets are developed. The commercial significance of these operations will be assessed as sales are completed and market availability is established.

Nepheline Syenite Property

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

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

Plans 2018

The Company is soliciting funding by way of partnerships or equity funding to advance the Captain Cook salt project to a feasibility stage. Details of the projects merits have been provided to several interested parties including salt producers and potential equity investors.

As well, the Company plans to maximize gypsum production at the Ace Mine and is marketing the product for the 2019 sales year.

Given the encouraging analytical results from the Black Bay Nepheline deposit a drilling program is being designed to evaluate the potential tonnage and obtain further samples from deeper in the deposit. As well the Company is soliciting partners to help advance the evaluation of the project.

MINERAL EXPLORATION AND EVALUATION ASSETS

The major components of mineral exploration and evaluation assets at June 30, 2018 are as follows:

Acquisition costs- licences	1,025,000
Mineral licences and licences renewals	60,175
Drilling, geological, geophysical and related costs	1,189,917
Share-based compensation	27,522
Government Grants	(228,714)
Balance	2,073,900

SUMMARY OF QUARTERLY RESULTS

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

Revenue for each quarter is represented by interest income. The loss for each quarter is represented primarily by administrative expenses, except June 30, 2018 which is made up primarily of share-based compensation.

LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN

The Company had current assets of \$32,286 at June 30, 2018, including cash of \$21,746; the Company had accounts payable and accrued liabilities of \$251,912, resulting in negative working capital of \$219,626. Included in accounts payable balance is a balance of \$244,289 payable to Vulcan Minerals Inc. the parent company.

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

The Company's financial statements have been prepared using generally accepted accounting principles in Canada applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern.

Nonetheless, there is no assurance that these initiatives will be successful. The Company's financial statements and management's discussion and analysis do not reflect adjustments to the carrying value of assets and liabilities that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The Company carries out exploration on mineral licences in Newfoundland and Labrador. These tenure instruments require work obligations in order to maintain ownership. Failure to fulfill work obligations would result in loss of ownership interest. The Company originally held 13 mineral licences represented by 36,375 hectares. From 2013 to 2018, in addition to the acquisition of additional mineral licences, the Company regrouped several of its original mineral licences, resulting in the Company holding 15 mineral licences at June 30, 2018, representing approximately 11,550 hectares in the Bay St. George region of Western Newfoundland and in Black Bay, Labrador. The Company's current mineral licences are in good standing in respect of ongoing work obligations.

The Company will seek funding to carry on its activities in 2018/2019.

The Company has no current revenue streams though revenue is expected to be generated in the next six months, the magnitude of which is uncertain at this time. The Company's main source of funding is equity financing, and its ability to continue will be dependent on equity financing.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred expenditures of \$7,827 for the three months ended June 30, 2018 (\$6,431- three months ended June 30, 2017) 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 \$3,500 in the three months ended June 30, 2018 (\$3,500- 2017) and \$7,000 for the six months ended June 30, 2018 (\$7,000- 2017). The related party expenditures capitalized to mineral exploration and evaluation assets totaled \$4,327 for the three months ended June 30, 2018 (\$2,931- three months ended June 30, 2017). And \$7,180 for the six months ended June 30, 2018 (\$5,846 six months ended June 30, 2017). 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 expensed premises rent in the amount of \$3,000 for the three months ended June 30, 2018 (2017-\$5,250) and \$6000 for the six months ended June 30, 2018 (2017-\$6,000) to a private company controlled by the President and CEO of the Company. As of March 1, 2018, rent to the private company which is controlled by the President of the Company has not been paid and is accruing as a payable.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On January 1, 2018, the Company adopted IFRS 9, which replaced IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 provides a revised model for the classification and measurement of financial assets that eliminates the previous categories of financial assets under IAS 39 of "available for sale", "held-to-maturity", or "loans and receivables". Under IFRS 9, on initial recognition, a financial asset is classified as and measured at: amortized cost, fair value through profit and loss ("FVPL"), or fair value other comprehensive income ("FVOCI").

The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. This standard incorporates a new hedging model, which increases the scope of hedged items eligible for hedge accounting and aligns hedge accounting more closely with risk management. IFRS 9 replaces the “incurred” loss model in IAS 39 with “an expected credit loss” (“ECL”) model for calculating impairment. This new standard also increases required disclosure about an entity’s risk management strategy, cash flows from hedging activities, and the impact of hedge accounting on the financial statements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

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

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

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

Standards and amendments not yet effective and not yet applied

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

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

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, 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, 2018, the Company had a cash balance of \$22,849 and negative working capital of \$175,415. The Company has no current source of operating cash flow. There is no assurance that additional funding will be available to allow the Company to fund administrative expenses and exploration programs. Liquidity risk is significant to the Company. The Company's ability to continue as a going concern is dependent upon its ability to fund working capital and future acquisition costs and exploration requirements and eventually to generate positive cash flows, either from operations or proceeds from disposition of exploration assets. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern

Market risk

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

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

SHARE CAPITAL

The Company has issued and outstanding common shares of 48,050,004 at August 24, 2018. The Company's share capital consists of an unlimited number of voting common shares, and an unlimited number of preferred shares of which there are none outstanding.

The Company has 3,800,000 stock options outstanding at August 24, 2018. as outlined below:

Date Issued	Number	Exercise Price	Details
April 27, 2018	2,400,000	\$0.10	Directors' Options, Expiry April 27, 2023
March 16, 2016	1,400,000	\$0.10	Directors' Options, Expiry March 16, 2021

There were 2,600,000 options exercisable at August 24, 2018. The weighted average remaining contractual life of the outstanding and exercisable options is 3.7 years.

The Company has 2,525,000 warrants outstanding at August 24, 2018 of which 2,000,000 are held by the parent company, Vulcan Minerals. As a result of an extension of time each warrant entitles the holder to purchase one common share at \$0.10 per share until November 6th, 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



Interim Condensed Financial Statements

For the Three and Six Months Ended June 30, 2018 and 2017

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

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

RED MOON RESOURCES INC.

June 30, 2018 and 2017

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

(in Canadian dollars)	June 30 2018	December 31 2017
	\$	\$
Assets		
Current assets		
Cash	21,746	28,609
Accounts receivable	8,573	7,153
Government grant receivable	-	14,401
Prepaid expenses	1,967	5,900
	32,286	56,063
Capital assets		
Mineral exploration and evaluation (Note 4)	1,488	1,750
	2,073,990	2,037,910
Total Assets	2,107,764	2,095,723
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	252,002	199,412
Total Liabilities	252,002	199,412
Shareholders' Equity		
Share capital	2,622,179	2,622,179
Warrants	66,000	66,000
Contributed surplus	264,234	180,752
Deficit	(1,096,651)	(972,620)
Total Shareholders' Equity	1,855,762	1,896,311
Total Liabilities and Shareholders' Equity	2,107,764	2,095,723

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors

Patrick J. Laracy **Director**

William Koenig **Director**

See accompanying notes to the financial statements

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

(in Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	\$	\$	\$	\$
Income (Expenses)				
Interest income	-	21	-	47
General and administrative expenses				
Management and subcontract fees	(3,500)	(3,500)	(7,000)	(7,000)
Transfer agent, regulatory and professional fees	(8,702)	(3,043)	(11,952)	(10,611)
Office and other	(6,207)	(5,533)	(12,903)	(10,900)
Conferences and travel	(3,538)	1,162	(7,463)	(6,065)
Share-based compensation (Note 5)	(83,101)	(1,398)	(83,101)	(2,796)
Depreciation	(131)	-	(262)	-
Property Write Down	(1,050)	(6,450)	(1,350)	(6,450)
	(106,229)	(18,762)	(124,031)	(43,822)
Net and comprehensive loss	(106,229)	(18,741)	(124,031)	(43,775)
Net loss per share - basic and diluted	(0.002)	(0.0004)	(0.003)	(0.001)
Weighted-average number of common shares outstanding - basic and diluted	48,050,004	48,050,004	48,050,004	48,050,004

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
Condensed Statements of Changes in Shareholders' Equity
(Unaudited)
As at June 30, 2018
(in Canadian dollars)

	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
	\$	\$	\$	\$	\$
Balance, December 31, 2016	2,622,929	66,000	170,967	(877,835)	1,982,061
Net and comprehensive loss					
January 1, 2017 - June 30, 2017	-	-	-	(43,775)	(43,775)
Share-based compensation	-	-	4,893	-	4,893
Balance, June 30, 2017	2,622,929	66,000	175,860	(921,610)	1,943,179
Net and comprehensive loss					
July 1, 2017 - December 31, 2017	-	-	-	(51,010)	(51,010)
Share issuance costs	(750)	-	-	-	(750)
Share-based compensation	-	-	4,892	-	4,892
Balance, December 31, 2017	2,622,179	66,000	180,752	(972,620)	1,896,311
Net and comprehensive loss					
January 1, 2018 - June 30, 2018	-	-	-	(124,031)	(124,031)
Share-based compensation	-	-	83,482	-	83,482
Balance, June 30, 2018	2,622,179	66,000	264,234	(1,096,651)	1,855,762

See accompanying notes to the financial statements

RED MOON RESOURCES INC.**Statements of Cash Flows****Six Months Ended June 30**

(in Canadian dollars)	2018	2017
	\$	\$
Operating Activities		
Net loss	(124,031)	(43,775)
Adjustment for non-cash item:		
Depreciation	262	-
Write off/loss exploration and evaluation assets	1,350	-
Share-based compensation	83,101	2,796
	(39,318)	(40,979)
Changes in non-cash working capital		
Accounts receivable	(1,420)	(3,896)
Prepaid expenses	3,933	-
Accounts payable and accrued liabilities	29,293	-
	(7,512)	(44,875)
Investing Activities		
Mineral exploration and evaluation assets	(37,049)	708
Change in accounts payable-mineral exploration assets	23,297	5,846
Government grant	14,401	2,587
	649	9,141
Net change in cash for the period	(6,863)	(35,734)
Cash, beginning of period	28,609	65,833
Cash, end of period	21,746	30,099

See accompanying notes to the financial statements

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

Red Moon Resources Inc. (the "Company") is a junior mineral exploration company engaged in the acquisition, evaluation and exploration of mineral properties in Newfoundland and Labrador. The Company's immediate objectives are to define and develop a world-class industrial mineral projects. The Company plans to ultimately develop properties as joint ventures, bring them into production, option or lease properties to third parties, or sell the properties outright. 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 \$106,229 for the three months ended June 30, 2018 (2017-\$18,741) and a loss of \$124,031 for the six months ended June 30, 2018 (2017-\$43,775) and had an accumulated deficit of \$1,096,651. The Company had no income or cash flow from operations at June 30, 2018 and had a negative working capital of \$219,626. The Company must secure sufficient funding to meet its on-going working capital requirements, as well as to identify, acquire and maintain exploration licenses. Such material uncertainties cast significant doubt as to the ability of the Company to meet its obligations as they come due, and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

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

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

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
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2. BASIS OF PRESENTATION

These unaudited interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The accounting policies used in preparing these unaudited interim condensed financial statements are consistent with those used in the preparation of the Company’s 2017 annual financial statements. These unaudited interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017.

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

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

These financial statements were approved and authorized for issuance by the Board of Directors on August 24, 2018.

3. NEW AND AMENDED ACCOUNTING STANDARDS

New and amended standard adopted by the Company

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

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

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3. NEW AND AMENDED ACCOUNTING STANDARDS (continued)

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

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

Standards and amendments not yet effective and not yet applied

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

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

4. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 15 mineral licenses (2017 - 17) which consist of 462 claims (2017 – 625 claims), which are active and in good standing with the Department of Natural Resources in the Province of Newfoundland and Labrador. These licenses are in the exploration and evaluation stage.

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4. MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

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

	June 30, 2018			December 31, 2017				
	Balance, Beginning of Period	Additions	Write downs	Balance, End of Period	Balance, Beginning of Year	Additions	Write downs	Balance, End of Year
	\$	\$	\$	\$	\$	\$	\$	\$
Property acquisition costs	1,079,325	8,665	(1,000)	1,086,990	1,084,350	1,815	(6,840)	1,079,325
Exploration costs	958,585	28,325	-	986,910	869,988	88,597	-	958,585
	2,037,910	36,990	(1,000)	2,073,900	1,954,338	90,412	(6,840)	2,037,910

Current year additions to mineral exploration and evaluation assets have been reduced by a government grant of \$2,774 (December 31, 2017-\$16,131). Current year additions to mineral properties include \$381 in share-based compensation (December 31, 2017- \$4,194).

5. SHARE-BASED COMPENSATION

a) Stock option plan

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

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5. SHARE-BASED COMPENSATION (continued)

b) Stock options

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

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

The weighted average remaining contractual life of outstanding options is 4.05 years (December 31, 2017 – 1.47 years). The weighted average remaining contractual life of exercisable options is 3.55 years (December 31, 2017- 1.47 years).

The weighted average fair value of stock options granted in the six months ended June 30, 2018 was estimated on the date of the grant to be \$0.063 using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

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

The Company recognized share-based compensation in the amount of \$831 in the six months ended June 30, 2018 (\$4,893- six months ended June 30, 2017). Share-based compensation in the amount of \$83,101 was expensed for the six months ended June 30, 2018 (\$2,796- six months ended June 30, 2017) and \$381 (June 30, 2017- \$2,097) was capitalized to mineral exploration and evaluation assets.

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6. RELATED PARTY TRANSACTIONS

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Expenditures paid/payable to Vulcan Minerals Inc., parent of Company and reflected as:				
Mineral exploration and evaluation assets	4,327	2,931	7,180	5,846
General and administrative expenses	3,500	3,500	7,000	7,000
Rent paid or payable to a corporation which is controlled by the President of the Company	3,000	3,000	6,000	6,000

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

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

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

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6. RELATED PARTY TRANSACTIONS (continued)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
	\$		\$	
Management fees, salaries and benefits for key management personnel paid/payable to parent and included in Note 6 above, and reflected as				
General and administrative expense	3,500	3,500	7,000	7,000
Mineral exploration and evaluation	540	1,083	1,080	1,715
Other fees paid directly by the Company:				
Management fee- other				
Directors' fees				
Share-based compensation				
General and administrative expense	41,360	1,398	41,360	2,796
Mineral exploration and evaluation	381	1,048	381	2,096
	45,781	7,029	49,821	13,607

Accounts payable and accrued liabilities include \$244,290 owing to parent company, Vulcan Minerals Inc. at June 30, 2018 (\$179,462 – December 31, 2017).

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Jennifer Button
Chief Financial Officer and Corporate
Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Rex Gibbons

Carson Noel

William Koenig

EXCHANGE LISTING
TSX Venture – “RMK”

LEGAL COUNSEL
Morris McManus, Calgary, AB
Cox & Palmer, St. John’s, NL

REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada

AUDITORS
PricewaterhouseCoopers LLP

BANKERS
Scotiabank

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