



Interim Condensed Financial Statements

For the Three Months Ended March 31, 2022 and 2020

(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, 2021 and 2020

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RED MOON RESOURCES INC.
Condensed Balance Sheets
(Unaudited)

As at

(in Canadian dollars)

	March 31	December 31
	2021	2020
	\$	\$
Assets		
Current assets		
Cash	4,068,104	280,386
Accounts receivable	136,223	87,996
Prepaid expenses	4,456	6,684
	4,208,783	375,066
Capital assets	8,825	175
Mineral exploration and evaluation (Note 4)	1,727,616	1,696,423
Total Assets	5,945,224	2,071,664
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	205,126	129,393
Asset retirement obligations (Note 5)	133,722	129,430
Total Liabilities	338,848	258,823
Shareholders' Equity		
Share capital	5,390,345	2,839,083
Warrants	1,500,977	36,121
Contributed surplus	515,252	505,756
Deficit	(1,800,198)	(1,568,119)
Total Shareholders' Equity	5,606,376	1,812,841
Total Liabilities and Shareholders' Equity	5,945,224	2,071,664

Nature of operations (Note 1)

Subsequent Event (Note 9)

Approved on behalf of the Board of Directors

Patrick J. Laracy **Director**

Carson Noel **Director**

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)	2021	2020
	\$	\$
Operating Activities		
Net loss	(232,080)	(34,957)
Adjustment for non-cash item:		
Depreciation	350	131
Share-based compensation	16,156	6,240
	(215,574)	(28,586)
Changes in non-cash working capital		
Accounts receivable	(48,227)	(6,419)
Prepaid expenses	2,228	2,328
Accounts payable and accrued liabilities	75,734	(2,751)
	(185,839)	(35,428)
Financing Activities		
Issuance of common shares & warrants	4,199,980	-
Share issuance costs	(225,522)	-
Exercise of options	10,000	-
Exercise of warrants	25,000	-
	4,009,458	-
Investing Activities		
Purchase of Capital Assets	(9,000)	-
Mineral exploration and evaluation assets	(31,193)	(10,841)
Increase in ARO	4,292	-
	(35,901)	(10,841)
Net change in cash for the period	3,787,718	(46,269)
Cash, beginning of period	280,386	266,831
Cash, end of period	4,068,104	220,562

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)	2021	2020
	\$	\$
Income (Expenses)		
Interest	349	-
Marketing and communications	(188,527)	-
Management and subcontract fees (Note 8)	(5,850)	(6,875)
Transfer agent, regulatory and professional fees	(11,561)	(6,295)
Office and other	(9,985)	(8,967)
Conferences and travel	-	(6,449)
Depreciation	(350)	(131)
Share-based compensation (Note 7 (b))	(16,156)	(6,240)
Net and comprehensive loss	(232,080)	(34,957)
Net loss per share - basic and diluted	(0.003)	(0.001)
Weighted-average number of common shares outstanding - basic and diluted	67,799,948	48,050,004

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

(in Canadian dollars)

	<i>Note 6(b)</i>	<i>Note 6(d)</i>	Contributed		
	Share Capital	Warrants	Surplus	Deficit	Total Equity
	\$	\$	\$	\$	\$
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
Net and comprehensive loss					
April 1, 2020 - December 31, 2020	-	-	-	(150,451)	(150,451)
Share-based compensation	-	-	60,104	-	60,104
Expiration of Warrants	-	(66,000)	66,000	-	-
Balance, December 31, 2020	2,839,083	36,121	505,756	(1,568,119)	1,812,841
Net and comprehensive loss					
January 1, 2021 - March 31, 2021	-	-	-	(232,080)	(232,080)
Issuance of shares and warrants pursuant to private placement	2,909,551	1,290,429	-	-	4,199,980
Issuance of broker warrants pursuant to private placement	(177,257)	177,257	-	-	-
Share Issuance Costs	(225,522)	-	-	-	(225,522)
Exercise of options	16,660	-	(6,660)	-	10,000
Exercise of warrants	27,830	(2,830)	-	-	25,000
Share-based compensation	-	-	16,156	-	16,156
Balance, March 31, 2021	5,390,345	1,500,977	515,252	(1,800,198)	5,606,376

See accompanying notes to the condensed financial statements

RED MOON RESOURCES INC.

Notes to the Condensed Financial Statements

March 31, 2021 and 2020

1. NATURE OF 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 project. 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. As commercial viability of the Company’s projects have not yet been established, the Company is considered to be in the exploration stage.

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.

On March 11, 2020, the World Health Organization declared a pandemic following the emergence and rapid spread of a novel strain of coronavirus (“COVID-19”). The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals may adversely impact the Company’s operations and its financial results. This has resulted in significant economic uncertainty, of which the potential impact on the Company’s future financial results is difficult to reliably measure.

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 – 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 consolidated financial statements are consistent with those used in the preparation of the Company’s annual financial statements. A summary of the Company’s significant accounting policies under IFRS is presented in Note 4 to the year end financial statements.

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

These condensed financial statements were approved and authorized for issuance by the Board of Directors on May 27, 2021.

3. FUTURE ACCOUNTING STANDARDS

IAS 1 – Presentation of Financial Statements

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On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently assessing the financial impact of the amendments and expects to apply the amendments at the effective date.

4. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 26 mineral licences (December 31, 2020 – 19) which consist of 374 claims (December 31, 2020 – 222 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, 2021					
	Balance, Beginning of Year	Additions	Refunds	Incidental Revenue	Balance, End of Year
	\$	\$	\$	\$	\$
Property acquisition costs	1,101,135	10,001	-	-	1,111,136
Exploration costs	595,288	21,192	-	-	616,480
	1,696,423	31,193	-	-	1,727,616
December 31, 2020					
	Balance, Beginning of Year	Additions	Refunds	Incidental Revenue	Balance, End of Year
	\$	\$	\$	\$	\$
Property acquisition costs	1,096,390	6,995	(2,250)	-	1,101,135
Exploration costs	810,827	56,750	-	(272,289)	595,288
	1,907,217	63,745	(2,250)	(272,289)	1,696,423

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
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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 (2020 - \$nil).

5. 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, 2021 was \$129,430 (2020- \$129,430), The estimated future cash flows have been discounted using a risk-free rate of 0.22% (December 31, 2020 – 0.2%) and an inflation rate of 2.2% (December 31, 2020 – 0.7%). As at March 31, 2021, 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:

	2021	2020
	\$	
Balance, beginning of year	129,430	129,430
Provisions incurred	4,292	-
Balance, end of the period	133,722	129,430

6. SHARE CAPITAL

a) Authorized

Unlimited number of voting common shares

Unlimited number of preferred shares, issuable in series

RED MOON RESOURCES INC.
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b) *Issued and outstanding*

	March 31, 2021		December 31, 2020	
	Number	Share Capital	Number	Share Capital
Common Shares		\$		\$
Balance, beginning of year	50,600,004	2,839,093	50,600,004	2,839,093
Issued pursuant to private placements (Note 6 (c))	16,999,944	2,909,551	-	-
Share issuance cost	-	(225,521)	-	-
Broker warrants	-	(177,257)	-	-
Exercise of stock options	100,000	16,660	-	-
Exercise of warrants (Note 6 (d))	100,000	27,830	-	-
Balance, end of period	67,799,948	5,390,356	50,600,004	2,839,093

c) *Private Placements*

Pursuant to a private placement dated February 8, 2021 the company issued 7,000,000 units at a price of \$0.10 per unit for aggregate proceeds of \$700,000 (less \$141,570 attributed to the fair value of the warrants). Each unit consisted of one common share and one-half common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share of the Company at a price of \$0.17 for a period of two years subject to an acceleration clause. This acceleration clause states that in the event the closing price of the Company's Shares on the TSX Venture Exchange is \$0.30 or greater per share during any ten (10) consecutive trading day period at any time subsequent to four months and one day after the closing date, the Warrants will expire at 4:00 p.m (Newfoundland Time) on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants.

Pursuant to a private placement dated March 25, 2021 the company issued 9,999,944 units at a price of \$0.35 per unit for aggregate proceeds of \$3,499,980 (less \$1,148,859 attributed to the fair value of the warrants). Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant to be exercisable at a price of \$0.55 per common share for a period of two years subject to an acceleration clause. This acceleration clause states that in the event the closing price of the company's shares on the TSX Venture Exchange is \$0.85 or greater per share during any ten consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire at 4pm (Newfoundland Time) on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants. Commissions and finders fees in the amount of \$181,377 and 518,220 broker warrants which were fair valued at \$177,257 and have been paid in respect to the financing. The broker warrants are exercisable at \$0.55 until March 25, 2023 and were valued at \$0.34 per warrant using the Black-Scholes option pricing model, using expected volatility of 97% and a risk-free interest rate of 0.23%.

The Company completed a private placement on April 9, 2019 for 2,550,000 units at a price of \$0.10 per unit, total proceeds \$255,000. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitled the holder to purchase one common share of the Company at a price of \$0.25 per unit until April 9, 2021. The company was granted TSX Venture Approval to extend the expiry of these warrants to April 9, 2023.

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d) *Warrants*

A summary of the status of the Company's common share purchase warrants and agent's warrants are as follows:

	March 31, 2021		December 31, 2020	
	Number of Warrants	Weighted-Average Exercise Price	Number of Warrants	Weighted-Average Exercise Price
		\$		\$
Outstanding, beginning of year	1,275,000	0.25	3,800,000	0.15
Exercised	(100,000)	0.25	-	0.00
Issued -Private Placement	9,018,192	0.17	-	0.00
Expired	-	-	(2,525,000)	0.10
Outstanding, end of year	10,193,192	0.17	1,275,000	0.25

	March 31, 2021	December 31, 2020
	\$	\$
Balance, beginning of year	36,121	102,121
Fair value of warrants issued	1,290,429	-
Brokers warrants issued due to private placement	177,257	-
Transferred to share capital upon exercise of warrants	(2,830)	-
Expired during the year	-	(66,000)
Balance, end of year	1,500,977	36,121

Warrants issued were valued using the Black Sholes options pricing model. 3,500,000 warrants were valued at \$0.14 using expected volatility of 116% and a risk free interest rate of 0.19%. 5,518,192 warrants were valued at \$0.35 using expected volatility of 197% and a risk free interest rate of 0.23%

7. 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

RED MOON RESOURCES INC.
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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, 2020
	Number of Options	Weighted- Average Exercise Price
	Number of Options	Weighted- Average Exercise Price
	\$	\$
Outstanding, beginning of year	5,000,000	0.10
Granted	-	0.10
Exercised	(100,000)	-
Expired	(500,000)	-
Outstanding, end of period	4,400,000	0.10
Outstanding and exercisable, end of period	3,850,000	0.10

During the three months ended March 31, 2021 100,000 options were exercised. No stock options were granted in the three months ending March 31, 2021. For the period ending December 31, 2020 the Company granted 1,100,000 stock options to directors with each option entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 550,000 options vested on the date of the grant December 16, 2020 and the remaining 550,000 options vest December 31, 2021. In the year ended December 31, 2019, the Company granted 700,000 stock options in two grants. One grant of 100,000 was granted to a Director entitling the holder to purchase one common share at \$0.10 for a period of five years. 50,000 options vested on the date of the grant May 6, 2019 and 50,000 shares vest on December 31, 2020. Another grant of 600,000 options was granted to Director's entitling the holder to purchase one common share at \$0.10 per share for a period of five years. 300,000 shares vested on the date of the grant December 30, 2019 and 300,000 shares vest on March 31, 2021.

The weighted average remaining contractual life of outstanding options is 3.6 years (December 31, 2020 – 2.59 years). The weighted average remaining contractual life of exercisable options is 3.45 years (December 31, 2020- 2.30 years). The weighted average fair value of stock options granted in the year was estimated on the dates of the grants to be \$nil (December 31, 2020- \$0.075) using the Black-Scholes fair value option pricing model and the following weighted average assumptions:

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	March 31, 2021	December 31, 2020
Expected volatility (%)	-	175
Risk free interest rate (%)	-	0.45
Weighted-average expected life (years)	-	5.0
Dividend yield (%)	-	0

The Company expensed share-based compensation in the amount of \$16,156 in the three months ended March 31, 2021 (March 31, 2020 - \$6,240).

8. RELATED PARTY TRANSACTIONS

The Company is controlled by Vulcan Minerals Inc., which owns 42.61% (December 31, 2020-63.03%) of the Company's common shares. The following transactions were carried out with related parties:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	\$	\$
Expenditures paid/payable to Vulcan Minerals Inc., parent of the Company and reflected as:		
Mineral exploration and evaluation assets	16,289	6,875
General and administrative expenses	6,368	10,840
Rent paid to a corporation which is controlled by the President of the Company	3,000	3,000
	25,657	20,715

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

RED MOON RESOURCES INC.
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	Three Months ended March 31, 2021	Three Months ended March 31, 2020
	\$	\$
Management fees, salaries and benefits for key management personnel paid/payable to parent and included in Note 8 above, and reflected as the following:		
General and administrative expenses	5,850	6,875
Capitalized as mineral and exploration and evaluation assets	15,289	5,940
Share-based compensation		
General and administrative expense	16,155	6,240
Mineral exploration and evaluation assets	-	-
	37,294	19,055

Accounts payable and accrued liabilities include \$28,460 owing to parent company, Vulcan Minerals Inc. at March 31, 2021 (December 31, 2020 - \$65,585).

9. SUBSEQUENT EVENTS

On April 9, 2021 the Company issued 1,700,000 stock options to Directors and Officers exercisable at \$0.50 for a period of five years from the date of issuance. 50% of these options vest immediately and 50% of these options vest on July 1, 2022.

On April 19, 2021 the Company issued 200,000 stock options to consultants. These options have a vesting period as follows: 25% July 19, 2021, 25% on October 19, 2021, 25% on January 19, 2022 and 25% on April 19, 2022.

On May 5th, 2021 the Company announced a non brokered private placement for \$3,250,000. The company intends to place 3,461,538 units at a price of \$0.65 per unit. A unit consists of one common share and one half common share purchase warrant exercisable at a price of \$0.90 per common share for a period of two years subject to an acceleration clause. The acceleration clause states that in the event that the closing price of the company's shares on the TSX Venture Exchange is \$1.25 or greater per share during any 10 consecutive trading day period at any time subsequent to four months and one day after the closing date, all warrants in this offering will expire at 4:00 pm Newfoundland time on the 30th day after the date on which the company provides notice of such accelerated expiry to the holders of the warrants. The Company also intends to place 1,333,333 Flow through units at \$0.75. Each flow-through unit will consist of one common share and one-half of a common share purchase warrant on the same terms as the hard dollar round and subject to the same acceleration clause as the non-flow through units.

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

Timothy Rowland Howe

John Anderson

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

HEAD OFFICE

333 Duckworth Street
St. John’s, NL, A1C 1G9
Tel: (709) 754-3186

Website: www.redmoonresources.com