



Interim Condensed Financial Statements

For the Three & Six Months Ended June 30, 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.

June 30, 2020 and 2019

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RED MOON RESOURCES INC.
Condensed Balance Sheets
(Unaudited)

As at

(in Canadian dollars)

	June 30 2020	December 31 2019
	\$	\$
Assets		
Current assets		
Cash	160,196	266,831
Accounts receivable	85,250	6,355
Prepaid expenses	-	4,655
	245,446	277,841
Capital assets	438	700
Mineral exploration and evaluation (Note 3)	1,855,441	1,907,217
Total Assets	2,101,325	2,185,758
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	89,136	124,423
Asset retirement obligations (Note 4)	129,430	129,430
Total Liabilities	218,566	253,853
Shareholders' Equity		
Share capital	2,839,083	2,839,083
Warrants	102,121	102,121
Contributed surplus	385,893	373,412
Deficit	(1,444,338)	(1,382,711)
Total Shareholders' Equity	1,882,759	1,931,905
Total Liabilities and Shareholders' Equity	2,101,325	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.
Condensed Statements of Loss and Comprehensive Loss
(Unaudited)

(in Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Income (Expenses)				
Interest income	-	-	-	-
General and administrative expenses				
Management and subcontract fees	(5,850)	(2,250)	(12,725)	(4,000)
Transfer agent, regulatory and professional fees	(6,124)	(1,941)	(12,419)	(11,655)
Office and other	(5,996)	(5,031)	(17,291)	(9,922)
Conferences and travel	-	(2,628)	(6,449)	(14,298)
Share-based compensation (Note 6)	(6,240)	(14,353)	(12,481)	(26,044)
Depreciation	(131)	(131)	(262)	(262)
	(24,341)	(26,334)	(61,627)	(66,181)
Net and comprehensive loss	(24,341)	(26,334)	(61,627)	(66,181)
Net loss per share - basic and diluted	(0.000)	(0.001)	(0.001)	(0.001)
Weighted-average number of common shares outstanding - basic and diluted	50,600,004	48,050,004	50,600,004	48,050,004

See accompanying notes to the financial statements

RED MOON RESOURCES INC.
Condensed Statements of Changes in 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 - June 30, 2019	-	-	-	(66,181)	(66,181)
Share-based compensation	-	-	26,959		26,959
Share issuance costs	(1,975)	-	-	-	(1,975)
Issurance of shares and warrents pursusant to private placement	218,879	36,121	-	-	255,000
Balance, June 30, 2019	2,839,083	102,121	319,637	(1,234,994)	2,025,847
Net and comprehensive loss					
July 1, 2019- December 31, 2019	-	-	-	(147,717)	(147,717)
Share-based compensation	-	-	53,775	-	53,775
Balance, December 31, 2019	2,839,083	102,121	373,412	(1,382,711)	1,931,905
Net and comprehensive loss					
January 1, 2020 - June 30, 2020	-	-	-	(61,627)	(61,627)
Share-based compensation	-	-	12,481	-	12,481
Balance, June 30, 2020	2,839,083	102,121	385,893	(1,444,338)	1,882,759

See accompanying notes to the condensed financial statements

RED MOON RESOURCES INC.
Condensed Statements of Cash Flows
(Unaudited)
Six Months Ended June 30, 2020

(in Canadian dollars)	2020	2019
	\$	\$
Operating Activities		
Net loss	(61,627)	(66,181)
Adjustment for non-cash item:		
Depreciation	262	262
Share-based compensation	12,481	26,044
	(48,884)	(39,875)
Changes in non-cash working capital		
Accounts receivable	(78,895)	(96,911)
Prepaid expenses	4,655	3,537
Accounts payable and accrued liabilities	(35,287)	(50,221)
	(158,411)	(183,469)
Financing Activities		
Issuance of common shares & warrants	-	255,000
Share issuance costs	-	1,975
	-	253,025
Investing Activities		
Mineral exploration and evaluation assets	51,776	50,510
Change in accounts payable-mineral exploration assets		(8,449)
	51,776	42,061
Net change in cash for the period	(106,635)	111,617
Cash, beginning of period	266,831	1,755
Cash, end of period	160,196	113,372

See accompanying notes to the condensed financial statements

RED MOON RESOURCES INC.

Notes to the Condensed Financial Statements

June 30, 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 \$24,341 for the three months ended June 30, 2020 (2019-\$26,334) and a loss of \$61,627 for the six months ended June 30, 2020 (2019-\$66,181) and had an accumulated deficit of \$1,444,338. The Company had a positive working capital of \$156,310 (December 31, 2019- positive \$153,418). Pre-production income from the Ace Gypsum mine has provided a source of cash inflows; 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 –

RED MOON RESOURCES INC.
Notes to the Condensed Financial Statements
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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 August 26th, 2020.

3. MINERAL EXPLORATION AND EVALUATION ASSETS

The Company has 18 mineral licences (2019 -19) which consist of 220 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:

	June 30, 2020				
	Balance, Beginning of Year	Additions	Write- downs	Incidental Revenue	Balance, End of Year
	\$	\$	\$	\$	\$
Property acquisition costs	1,096,390	20,239	-	-	1,116,629
Exploration costs	810,827		-	(72,015)	738,812
	1,907,217	20,239	-	(72,015)	1,855,441

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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- \$915).

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 June 30, 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 June 30, 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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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:

	June 30, 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 2.43 years (December 31, 2019 – 2.91 years). The weighted average remaining contractual life of exercisable options is 2.25 years (December 31, 2019- 2.54 years). No stock options were granted in the six months ended June 30, 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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	June 30, 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 \$12,481 in the six months ended June 30, 2019 (June 30, 2019 - \$26,960). Share-based compensation in the amount of \$12,481 was expensed for the six months ended June 30, 2019 (June 30, 2018 – \$26,044) and \$nil (June 30, 2019 - \$916) 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 June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Expenditures paid/payable to Vulcan Minerals Inc., parent of Company and reflected as:				
Mineral exploration and evaluation assets	7,740	4,230	18,580	6,316
General and administrative expenses	5,850	2,250	12,725	4,000
Rent paid or payable to a corporation which is controlled by the President of the Company	3,000	3,000	6,000	6,000

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 June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 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	12,725	3,500
Capitalized as mineral and exploration and evaluation assets	7,740	4,230	13,680	6,300
Share-based compensation				
General and administrative expense	-	8,971	-	14,967
Mineral exploration and evaluation assets	-	615	-	915
	14,615	15,566	26,405	25,682

Accounts payable and accrued liabilities include \$48,056 owing to parent company, Vulcan Minerals Inc. at June 30, 2020 (December 31, 2019 - \$73,672). Included in expenses are costs of \$29,532 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

CORPORATE INFORMATION

OFFICERS AND MANAGEMENT

Patrick J. Laracy
President and Chairman

Jennifer Button
Chief Financial Officer and Corporate
Secretary

BOARD OF DIRECTORS

Patrick J. Laracy

Fraser Edison

Carson Noel

William Koenig

EXCHANGE LISTING
TSX Venture – “RMK”

LEGAL COUNSEL
Morris McManus, Calgary, AB
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REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada

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