

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