



Fredonia Mining Inc.

**FREDONIA MINING INC.
(formerly Richmond Road Capital Corp.)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIODS ENDED MARCH 31, 2024 AND 2023
EXPRESSED IN US DOLLARS**

NOTICE OF NO AUDITORS' REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim condensed consolidated financial statements of Fredonia Mining Inc. have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

Interim Condensed Consolidated Statements of Financial Position

Expressed in US Dollars

	March 31, 2024	September, 30 2023
ASSETS		
Current assets		
Cash and cash equivalents	536,625	262,921
Other receivables	170,288	154,453
Prepaid expenses	-	1,564
Total current assets	706,913	418,938
Non-current assets		
Property, plant and equipment (Note 5)	5,105	5,394
Total non-current assets	5,105	5,394
Total assets	712,018	424,332
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Trade and other payables (Note 6)	789,481	571,644
Total liabilities	789,481	571,644
Shareholders' deficit		
Share capital (Note 7)	12,179,824	11,645,219
Contributed surplus	1,221,145	1,221,145
Warrants reserve	2,160,107	2,042,939
Deficit	(15,511,500)	(14,937,785)
Accumulated other comprehensive income	(127,039)	(118,820)
Total shareholders' deficit	(77,463)	(147,302)
Total liabilities and shareholders' deficit	712,018	424,342

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Loss and Comprehensive (Loss) Income

For the three and six months ended March 31

Expressed in US Dollars

	Three months ended		Six months ended	
	2024	2023	2024	2023
Expenses				
Administrative and office expenses	(2,297)	(41,710)	(27,205)	(44,440)
Depreciation	(88)	(713)	(289)	(774)
Exploration expenses (Notes 3 and 8)	(120,250)	(604,295)	(272,342)	(2,209,464)
Investor relations	(13,527)	(17,477)	(16,878)	(28,480)
Payroll expenses	(100,494)	(101,630)	(205,162)	(210,603)
Professional fees	(42,717)	(66,803)	(104,098)	(194,936)
Travel expenses	(6,093)	(25,126)	(6,395)	(68,013)
Other expenses	(4,229)	(1)	(29,542)	(1,015)
	<u>(289,695)</u>	<u>(857,755)</u>	<u>(661,911)</u>	<u>(2,757,725)</u>
Exchange rate differences	1,070	174,738	(818)	9,307
Gain on currency exchange	28,364	568,504	89,671	954,456
Interest expenses	(600)	(786)	(657)	(1,813)
	<u>29,198</u>	<u>742,456</u>	<u>88,196</u>	<u>961,950</u>
Net loss	<u>(260,497)</u>	<u>(115,299)</u>	<u>(573,715)</u>	<u>(1,795,775)</u>
Other comprehensive (loss) income				
Cumulative translation adjustment	<u>9,147</u>	<u>42,146</u>	<u>(8,209)</u>	<u>42,055</u>
Total comprehensive loss	<u>(269,644)</u>	<u>(73,153)</u>	<u>(581,924)</u>	<u>(1,753,720)</u>
Net loss per share				
Basic	<u>0.001</u>	<u>0.001</u>	<u>0.001</u>	<u>0.001</u>
Diluted	<u>0.001</u>	<u>0.001</u>	<u>0.001</u>	<u>0.001</u>
Weighted average number of common shares outstanding				
Basic	<u>185,643,324</u>	<u>177,155,444</u>	<u>181,399,384</u>	<u>177,155,444</u>
Diluted	<u>185,643,324</u>	<u>177,155,444</u>	<u>181,399,384</u>	<u>178,181,760</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Shareholders' (Deficit) Equity

For the six months ended March 31

Expressed in US Dollars

	Number of Common Shares (Note 8a)	Share Capital	Contributed Surplus	Warrants Reserve	Deficit	AOCL ⁽¹⁾	Total Shareholders' (Deficit) Equity
Balance - September 30, 2023	177,155,444	11,645,219	1,221,145	2,042,939	(14,937,785)	(118,830)	(147,312)
Private placement	17,554,480	534,605	-	117,168	-	-	651,773
Net loss for the period	-	-	-	-	(573,715)	-	(573,715)
Other comprehensive loss	-	-	-	-	-	(8,209)	(8,209)
Balance - March 31, 2024	194,709,924	12,179,824	1,221,145	2,160,107	(15,511,500)	(127,039)	(77,463)
Balance - September 30, 2022	177,155,444	11,645,219	1,023,808	2,042,939	(12,259,949)	(124,930)	2,327,087
Net loss for the period	-	-	-	-	(1,795,775)	-	(1,795,775)
Other comprehensive income	-	-	-	-	-	42,055	42,055
Balance - March 31, 2023	177,155,444	11,645,219	1,023,808	2,042,939	(14,055,724)	(82,875)	573,367

(1) Accumulated other comprehensive loss

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

For the period ended March 31

Expressed in US Dollars

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Net income for the period	(573,715)	(1,795,775)
Items not affecting cash:		
Depreciation	289	774
Interest expense	657	1,813
Unrealized loss on foreign exchange	4,942	118,609
Change in non-cash working capital:		
Decrease (increase) in prepaid expenses	1,564	(92)
Increase in other receivables	(15,836)	(21,761)
Increased (decrease) in trade and other payables	217,838	(99,512)
Net cash used in operating activities	<u>(364,261)</u>	<u>(1,795,944)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	-	(704)
Net cash used in investing activities	<u>-</u>	<u>(704)</u>
Cash Flows from Financing Activities		
Increase in capital	651,773	-
Net cash provided by financing activities	<u>651,773</u>	<u>-</u>
Net change in cash	<u>287,512</u>	<u>(1,796,648)</u>
Foreign exchange loss on cash	(13,809)	(79,233)
Change in cash	<u>273,703</u>	<u>(1,875,881)</u>
Cash and cash equivalents, beginning of period	262,922	2,632,609
Cash and cash equivalents, end of period	<u>536,625</u>	<u>756,728</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Expressed in US Dollars

For the periods ended March 31, 2024 and 2023

1. BUSINESS OF THE COMPANY

Fredonia Mining Inc. (the “Company”) is a mining extraction company incorporated under the Business Corporations Act (Alberta) on September 19, 2012, under the name Richmond Road Capital Corporation (“RRCC”). On June 24, 2021, the Company completed a transaction (the “Transaction”) whereby RRCC acquired all of the outstanding shares of Fredonia Management Limited, a private corporation registered under the laws of the territory of the British Virgin Islands with mining assets in the country of Argentina. The Transaction constituted a reverse asset acquisition in accordance with IFRS, whereby the shareholders of Fredonia Management Limited took control of RRCC. Following the completion of the Transaction, the Company changed its name from Richmond Road Capital Corporation to Fredonia Mining Inc. The comparative periods reflected in these financial statements are those of Fredonia Management Limited. The Company is a publicly-traded company with its shares listed on the TSX Venture Exchange (“TSXV”). The Company operates from its primary office in Toronto, Ontario, Canada. Its registered head office is located at 350 Bay St. # 700, Toronto, Ontario, M5H 2S6.

Nature of operations

The Company, directly or indirectly, owns a 100% interest in certain license areas, all within the Deseado Massif geological region in the Province of Santa Cruz, Argentina. The Company’s only material property is the advanced El Dorado-Monserrat Project. The Company also owns the El Aguila, Hornía (Petrificados), and Anita properties.

The Company has not yet established whether its mineral properties contain resources or reserves that are economically recoverable. The recovery of amounts capitalized as mineral properties is dependent upon the discovery of economically recoverable resources or reserves, the ability of the Company to arrange appropriate financing to complete the development of properties, and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis, all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, social licensing requirements and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

2. BASIS OF PRESENTATION

Statement of compliance

The Company’s interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Report” under International Financial

Fredonia Mining Inc.

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Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee.

These interim condensed consolidated financial statements follow the same accounting policies and method of computation as the Company’s annual audited consolidated financial statements for the year ended September 30, 2023, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended September 30, 2023.

The interim condensed consolidated financial statements were approved for issuance by the Company’s Board of Directors on May 29, 2024.

Basis of Measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, which have been measured at fair value.

Gong concern

The Company is an exploration company which has not yet achieved production, has recurring losses and an accumulated deficit of \$15.52 million as at March 31, 2024. The Company’s ability to continue as a going concern is dependent upon its ability to raise additional financing to be able to further explore its mineral properties, retain mining rights and to meet ongoing requirements for general operations. Even if the Company has been successful in the past in doing so, there can be no assurance that additional debt or equity financings will be available to meet these requirements or available on terms acceptable to the Company. These matters represent a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern.

Functional and presentation currency

The Company’s functional currency is determined by the currency of the primary economic environment in which it operates. The Company’s functional currency is the Canadian dollar (“C\$”) and the Company’s subsidiaries have functional currencies in the United States dollar (“US\$”). The consolidated financial statements are presented in US dollars.

Significant accounting policies

The Company’s significant accounting policies can be read in Note 3 to the Company’s annual audited consolidated financial statements as at and for the year ended September 30, 2023.

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Notes to the Interim Condensed Consolidated Financial Statements

Expressed in US Dollars

For the periods ended March 31, 2024 and 2023

3. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT

During the year ended September 30, 2023, the Company changed its accounting policy to expense all exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Under this new policy, cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts.

The condensed consolidated statement of financial position as at September 30, 2022 and October 1, 2021 have been restated to reflect adjustments made as a result of this change in accounting policy. The restatement resulted in a reduction of exploration and evaluation assets of \$8,068,675, an increase to deficit of \$5,859,211, an increase in the exploration expenses and net loss for the six months ended March 31, 2023 of \$2,209,464 as well a reduction of net cash used in investing activities of \$2,209,464 and an increase to the net cash used in operating activities of the same amount.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Equipment</u>	<u>Total</u>
Cost		
Balance, September 30, 2023	7,213	7,213
Balance, March 31, 2024	7,213	7,213
Accumulated amortization		
Balance, September 30, 2023	1,819	1,819
Additions	289	289
Balance, March 31, 2024	2,108	2,108
Net book value		
Balance, September 30, 2023	5,394	5,394
Balance, March 31, 2024	5,105	5,105

5. TRADE AND OTHER PAYABLES

	<u>March 31, 2024</u>	<u>September 30, 2023</u>
Trade accounts payable and accruals	534,763	463,530
Related parties (Note 7)	254,717	259,218
	789,480	722,748

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Notes to the Interim Condensed Consolidated Financial Statements

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6. SHARE CAPITAL

a) Common Shares

As at March 31, 2024, the Company was authorized to issue an unlimited number of common shares, with no par value, with holders of common shares entitled to one vote per share. Outstanding common shares as of March 31, 2024 are as follows:

	<u>Common shares</u>	<u>Amount (\$)</u>
Balance, September 30, 2022, 2023	177,155,444	11,645,219
Shares issued with private placement, net of cost issue	17,554,480	534,605
Balance, March 31, 2024	<u>194,709,924</u>	<u>12,179,824</u>

On February 16, 2024 the Company announced closing the non-brokered private placement of a total of 17,554,480 units of the Company (the “Units”), at a price of CAD\$0.05 per Unit for aggregate gross proceeds of \$655,434 (CAD\$877,724) (the “Offering”). The Company did not pay bonus, finder’s fees, commission, or agency fee in connection with the Offering.

Each Unit consisted of one common share of the Company (each, a “Common Share”, and collectively the “Common Shares”) and one-half of one Common Share purchase warrant (each whole warrant, a “Warrant” and collectively the “Warrants”). Each Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.10 per Common Share for a period of two years from the closing date of the Offering.

The grant date fair value of \$117,168 (CAD\$157,990) was assigned to the 8,777,240 warrants issued as estimated by using a fair value market technique incorporating the Black-Scholes option pricing model, using the following assumptions: share price of CAD\$0.04, a risk-free interest rate of 4.29%; an expected volatility factor of 145.56%; an expected dividend yield of 0%; and an expected life of 2 years.

Total cash fees paid was \$3,661 (CAD\$4,937).

b) Stock Options

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares.

At March 31, 2024, a total of 12,750,000 (September 30, 2023 – 12,750,000) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

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A summary of the changes in stock options is presented below:

	Stock options	Weighted average exercise price (C\$)
Balance, September 30, 2022	10,441,176	0.17
Granted	2,750,000	0.12
Expired	(441,176)	0.14
Balance, September 30, 2023 and March 31, 2024	12,750,000	0.16

On February 3, 2023, the Company granted 2,750,000 options to acquire common shares to certain directors, officers, and consultants of the Company at a price of C\$0.12 per common share, vesting immediately on the date of grant. The options were for a five-year term, expiring on February 3, 2028.

For the stock options issued, the Black-Scholes option pricing model was used to estimate their fair value based on the assumptions of expected stock price volatility of 137%, risk-free interest rate of 3.05%, expected dividend yield of 0%, and an expected option life of 5 years, resulting in an assessed fair value per option of C\$0.10.

The following summarizes information about stock options outstanding as at March 31, 2024:

Exercise prices (C\$)	Number of options outstanding	Weighted average term to expiry (years)	Number of options exercisable
0.17	9,750,000	2.32	9,750,000
0.11	250,000	3.47	250,000
0.12	2,750,000	3.85	2,750,000
	12,750,000	2.67	12,750,000

c) Warrants

As at March 31, 2024, a total of 53,174,362 (September 30, 2023 – 44,397,122) warrants were issued and outstanding. A summary of the change in total warrants is presented below:

	Warrants	Weighted average exercise price (C\$)
Balance, September 30, 2022	46,671,246	0.26
Broker warrants expired	(2,274,124)	0.17
Balance, September 30, 2023	44,397,122	0.26
Warrants issued	8,777,240	0.10
Balance, March 31, 2024	53,174,362	0.24

The following summarizes information about total purchase and broker warrants outstanding as at March 31, 2024:

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<u>Exercise prices (C\$)</u>	<u>Number of warrants outstanding</u>	<u>Weighted average term to expiry (years)</u>	<u>Number of warrants exercisable</u>
0.18	1,582,475	0.08	1,582,475
0.25	18,722,655	0.23	18,722,655
0.28	24,091,992	3.08	24,091,992
0.10	8,777,240	2.13	8,777,240
	53,174,362	1.83	53,174,362

d) Net loss per share

For purposes of the net loss per share calculations for the period ended March 31, 2024, the calculation of basic and diluted were based on the net loss of \$573,715 against each of basic weighted average number of common shares outstanding of 181,399,384 and diluted weighted average number of common shares outstanding of 181,399,384, resulting in a net loss per share of \$0.001 basic and diluted. In computing diluted net loss per share for the six months period ended March 31, 2024, 53,174,362 warrants and 12,750,000 options were excluded as they were not in-the-money based on the volume weighted average trading price of the Company's common shares of C\$0.11 during the six months period ended March 31, 2024, and therefore antidilutive.

For purposes of the net loss per share calculations for the period ended March 31, 2023, the calculation of basic and diluted were based on the net loss of \$1,795,944 against each of basic weighted average number of common shares outstanding of 177,545,444 and diluted weighted average number of common shares outstanding of 178,181,760, resulting in a net loss per share of \$0.001 basic and diluted. In computing diluted net loss per share for the six months period ended March 31, 2023, 44,397,122 warrants and 10,000,000 options were excluded as they were not in-the-money based on the volume weighted average trading price of the Company's common shares of C\$0.11 during the six months period ended March 31, 2023, and therefore antidilutive.

7. RELATED PARTY TRANSACTIONS AND BALANCES

During the six months periods ended March 31, 2024 and 2023, there were separate related party transactions as follows:

i) Transactions:

- a) Professional services charged by key management personnel and directors for the six months period ended March 31, 2024 were \$206,240 (2023: \$204,200) and are included as part of professional fees on the consolidated statement of loss.
- b) Rent expense incurred for the six months period ended March 31, 2024 charged by a company controlled by Directors of the company were \$9,468 (2023: \$4,500).

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Notes to the Interim Condensed Consolidated Financial Statements

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ii) Period-end balances:

- a) As at March 31, 2024, trade and other payables included \$52,000 (September 30, 2023 - \$40,000) payable to a company related to a director for payments made on behalf of the Company.
- b) As at March 31, 2024, trade and other payables included \$1,328 (September 30, 2023 - \$1,815) payable to a company related to a director in relation to the rent of the administrative office.
- c) As at March 31, 2024, trade and other payables included \$201,388 (September 30, 2023 - \$118,713) payable to directors and key management.

All related party transactions were in the normal course of operations.

8. EXPLORATION AND EVALUATION PROPERTIES

Cumulative historical exploration and evaluation (“E&E”) expenditures that have been expensed are as follows:

	<u>El Aguila</u>	<u>El Dorado</u>	<u>Total</u>
As at September 30, 2022	1	5,859,210	5,859,211
Expenditures incurred	-	2,638,447	2,638,447
As at September 30, 2023	1	8,497,657	8,497,658
Expenditures incurred	-	272,342	272,342
As at March 31, 2024	1	8,769,999	8,770,000

The Company’s primary exploration project is the El Dorado-Monserrat Project located in Santa Cruz Province, Argentina assessing for gold-silver mineralization. There is a 1.5% net smelter return royalty on the project.

The Company also has a secondary exploration project being the El Aguila project located in Santa Cruz Province, Argentina. The project is subject to a 1% net profit interest royalty.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s activities are exposed to various financial risks, market risks (including foreign exchange rate risk), credit risk, liquidity risk and capital risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

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For the periods ended March 31, 2024 and 2023

a) Market Risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company primarily operates in Argentina. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's risk management policy is to review its exposure to non-dollar forecasts operating costs on a case-by-case basis. The majority of the Company's forecast operating costs are in US dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash and cash equivalents with banks and financial institutions as well as credit exposures to outstanding receivables.

It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash at all times and committed credit facilities to meet the Company's commitments as they arise. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. All of the company's liabilities were due in the next 12 months.

d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying values of cash and cash equivalents, accounts receivables, borrowings and payables are assumed to approximate their fair values due to their short-term nature.

e) Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

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Notes to the Interim Condensed Consolidated Financial Statements

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For the periods ended March 31, 2024 and 2023

The Company defines capital that it manages as its shareholders' equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and provide increased shareholder value. The Company is not exposed to any externally imposed capital requirements.