



Fredonia Mining Inc.

FREDONIA MINING INC.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIODS ENDED DECEMBER 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.

Fredonia Mining Inc.
Interim Condensed Consolidated Statements of Financial Position
Expressed in US Dollars

	December 31,	September, 30
	2024	2024
ASSETS		
Current assets		
Cash and cash equivalents	726,604	887,487
Other receivables	190,849	296,735
Prepaid expenses	5,006	7,536
Total current assets	922,459	1,191,758
Non-current assets		
Property, plant and equipment (Note 3)	4,908	4,962
Total non-current assets	4,908	4,962
Total assets	927,367	1,196,720
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Trade and other payables (Note 4)	1,126,382	1,099,531
Total liabilities	1,126,382	1,099,531
Shareholders' (deficit) equity		
Share capital (Note 5)	12,599,344	12,599,344
Contributed surplus	1,414,085	1,221,145
Warrants reserve	2,481,411	2,481,411
Deficit	(16,534,044)	(16,063,191)
Accumulated other comprehensive income	(159,811)	(141,520)
Total shareholders' (deficit) equity	(199,015)	97,189
Total liabilities and shareholders' (deficit) equity	927,367	1,196,720

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

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

For the three months ended December 31,

Expressed in US Dollars

	<u>2024</u>	<u>2023</u>
Expenses		
Administrative and office expenses	(8,043)	(24,908)
Depreciation	(54)	(201)
Exploration expenses (Notes 3 and 7)	(126,005)	(152,092)
Investor relations	(16,676)	(3,351)
Payroll expenses (Note 6)	(89,081)	(104,668)
Professional fees (Note 6)	(52,517)	(61,381)
Share-based compensation	(192,940)	-
Travel expenses	(5,828)	(302)
Other expenses, net	6,892	(25,313)
	<u>(484,252)</u>	<u>(372,216)</u>
Exchange rate differences	29	(2,252)
Gain on currency exchange	14,071	61,307
Net interest expenses	(701)	(57)
	<u>13,399</u>	<u>58,998</u>
Net loss	<u>(470,853)</u>	<u>(313,218)</u>
Other comprehensive (loss) income		
Cumulative translation adjustment	(18,291)	938
	<u>(18,291)</u>	<u>938</u>
Total comprehensive loss	<u>(489,144)</u>	<u>(312,280)</u>
Net loss per share		
Basic and Diluted	<u>(0.012)</u>	<u>(0.009)</u>
Weighted average number of common shares outstanding		
Basic and Diluted	<u>37,669,372</u>	<u>35,431,089</u>

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

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

For the three months ended December 31

Expressed in US Dollars

	Number of Common Shares (Note 5a)	Share Capital	Contributed Surplus	Warrants Reserve	Deficit	AOCL ⁽¹⁾	Total Shareholders' Equity (Deficit)
Balance - September 30, 2024	45,608,651	12,599,344	1,221,145	2,481,411	(16,063,191)	(141,520)	97,189
Share-based compensation	-	-	192,940	-	-	-	192,940
Net loss for the period	-	-	-	-	(470,853)	-	(470,853)
Other comprehensive income	-	-	-	-	-	(18,291)	(18,291)
Balance - December 31, 2024	45,608,651	12,599,344	1,414,085	2,481,411	(16,534,044)	(159,811)	(199,015)
Balance - September 30, 2023	35,431,089	11,645,219	1,221,145	2,042,939	(14,937,785)	(118,830)	(147,312)
Net loss for the period	-	-	-	-	(313,218)	-	(313,218)
Other comprehensive loss	-	-	-	-	-	938	938
Balance - December 31, 2023	35,431,089	11,645,219	1,221,145	2,042,939	(15,251,003)	(117,892)	(459,592)

(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 three months period ended December 31,

Expressed in US Dollars

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Net loss for the period	(470,853)	(313,218)
Items not affecting cash and cash equivalent:		
Depreciation	54	201
Interest expense	701	57
Share-based compensation	192,940	-
Unrealized loss on foreign exchange	(110,325)	39,537
Change in non-cash working capital:		
Decrease in other receivables	105,886	1,767
Increase in trade and other payables	26,852	151,104
Decrease (increase) in prepaid expenses	2,530	1,564
Net cash used in operating activities	<u>(252,215)</u>	<u>(118,988)</u>
Cash Flows from Investing Activities		
Acquisitions of property, plant and equipment, net	-	1
Net cash provided by investing activities	<u>-</u>	<u>1</u>
Net change in cash and cash equivalents	<u>(252,215)</u>	<u>(118,987)</u>
Foreign exchange gain (loss) on cash	91,331	(38,656)
Change in cash and cash equivalents	<u>(160,884)</u>	<u>(157,643)</u>
Cash and cash equivalents, beginning of period	887,488	262,922
Cash and cash equivalents, end of period	<u>726,604</u>	<u>105,279</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 three months periods ended December 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 82 Richmond St. East, Toronto, Ontario, M5C 1P1, Canada.

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 with 2.248 M Oz gold equivalent (M&I) Maiden Mineral Resource Estimate completed in accordance with NI 43-101 and CIM standards. The Company also owns the El Aguila, Hornía (formerly Petrificados), and Anita properties.

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

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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For the three months periods ended December 31, 2024 and 2023

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, 2024, 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, 2024.

These interim condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on February 28, 2025.

Basis of measurement

These interim 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 \$16.53 million as at December 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 interim condensed consolidated financial statements are presented in US dollars.

Material accounting policies

The Company's material 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, 2024.

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Expressed in US Dollars

For the three months periods ended December 31, 2024 and 2023

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Equipment</u>	<u>Total</u>
Cost		
Balance, September 30, 2024	7,213	7,213
Additions	-	-
Balance, December 31, 2024	<u>7,213</u>	<u>7,213</u>
Accumulated amortization		
Balance, September 30, 2024	2,251	2,251
Additions	54	54
Balance, December 31, 2024	<u>2,305</u>	<u>2,305</u>
Net book value		
Balance, September 30, 2024	4,962	4,962
Balance, December 31, 2024	<u>4,908</u>	<u>4,908</u>

4. TRADE AND OTHER PAYABLES

	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Trade accounts payable and accruals	590,942	628,540
Related parties (Note 6)	535,440	470,991
	<u>1,126,382</u>	<u>1,099,531</u>

5. SHARE CAPITAL

a) Common Shares

As at December 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 December 31, 2024 are as follows:

	<u>Common shares</u>	<u>Amount (\$)</u>
Balance, September 30, 2023	35,431,089	11,645,219
Shares issued with private placement, net of cost issue	10,177,563	954,125
Balance, September 30, 2024 and December 31, 2024	<u>45,608,651</u>	<u>12,599,344</u>

On September 27, 2024, the Company announced closing the non-brokered private placement of a total of 6,666,667 units of the Company, at a price of CAD\$0.15 per unit for aggregate gross proceeds of \$745,426 (CAD\$1,000,000). The CEO and Directors of the Company acquired 853,333 units for gross proceeds of \$94,822 (CAD\$128,000).

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As at December 31, 2024, the Company has gross proceeds outstanding for \$129,639 (CAD\$175,000), which included \$57,782 (CAD\$78,000) from related parties recorded in other receivables in the consolidated statement of financial position. Subsequent to September 30, 2024, the Company collected the full balance outstanding.

Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.30 per common share for a period of three years from the closing date of the offering.

The grant date fair value of \$295,869 (CAD\$399,393) was assigned to the 6,666,667 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\$0.09, a risk-free interest rate of 2.84%; an expected volatility factor of 146.85%; an expected dividend yield of 0%; and an expected life of 3 years.

Total cash fees paid was \$4,630 (CAD\$6,250).

On February 16, 2024, the Company announced closing the non-brokered private placement of a total of 3,510,896 units of the Company at a price of CAD\$0.25 per unit for aggregate gross proceeds of \$655,434 (CAD\$877,724). A Director of the Company acquired 913,648 units for gross proceeds of \$169,319 (CAD\$228,412).

Each unit consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of CAD\$0.50 per common share for a period of two years from the closing date of the Offering.

The grant date fair value of \$142,575 (CAD\$190,930) was assigned to the 1,755,448 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\$0.20, 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 December 31, 2024, a total of 3,570,000 (September 30, 2024 – 2,550,000) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

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For the three months periods ended December 31, 2024 and 2023

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

	<u>Stock options</u>	<u>Weighted average exercise price (CAD\$)</u>
Balance, September 30, 2023 and September 30, 2024	2,550,000	0.80
Options granted	1,020,000	0.40
Balance, December 31, 2024	3,570,000	0.69

On December 24, 2024, the Company granted 1,020,000 options to acquire common shares to certain directors, officers, and consultants of the Company at a price of C\$0.40 per common share, vesting immediately on the date of grant. The options were for a five-year term, expiring on December 24, 2029.

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 175%, 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\$0.26.

The value of the stock options granted on December 24, 2024, was \$192,940, which was expensed as share-based compensation in the three months ended December 31, 2024.

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

<u>Exercise prices (C\$)</u>	<u>Number of options outstanding</u>	<u>Weighted average term to expiry (years)</u>	<u>Number of options exercisable</u>
0.85	1,950,000	1.57	1,950,000
0.55	50,000	2.72	50,000
0.60	550,000	3.10	550,000
0.40	1,020,000	4.98	1,020,000
	3,570,000	2.80	3,570,000

c) Warrants

As at December 31, 2024, a total of 13,240,513 (September 30, 2024 – 13,240,513) warrants were issued and outstanding. A summary of the change in total warrants is presented below:

	<u>Warrants</u>	<u>Weighted average exercise price (CAD\$)</u>
Balance, September 30, 2023	8,879,424	1.32
Warrants issued	8,422,115	0.35
Warrants expired	(4,061,026)	1.25
Balance, September 30, 2024 and December 31, 2024	13,240,513	0.73

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

<u>Exercise prices (CAD\$)</u>	<u>Number of warrants outstanding</u>	<u>Weighted average term to expiry (years)</u>	<u>Number of warrants exercisable</u>
1.40	4,818,398	2.34	4,818,398
0.50	1,755,448	1.13	1,755,448
0.30	6,666,667	2.74	6,666,667
	13,240,513	2.38	13,240,513

d) Net Loss per share

For purposes of the net loss per share calculations for the three months ended December 31, 2024, there is no difference between the basic loss per share and the diluted loss per share amounts. The calculation of basic and diluted loss per share for the three months ended December 31, 2024 was based on the net loss of \$470,853 against each of basic weighted average number of common shares outstanding of 37,669,372 and diluted weighted average number of common shares outstanding of 37,669,372, resulting in net loss per share of \$0.012, basic and diluted. In computing diluted net loss per share for the three months ended December 31, 2024, all outstanding options and warrants were excluded since they were anti-dilutive as a result of the Company being in a loss position.

For purposes of the net loss per share calculations for the three months ended December 31, 2023, there is no difference between the basic loss per share and the diluted loss per share amounts. The calculation of basic and diluted loss per share for the three months ended December 31, 2023 was based on the net loss of \$313,218 against each of basic weighted average number of common shares outstanding of 35,431,089 and diluted weighted average number of common shares outstanding of 35,431,089, resulting in net loss per share of \$0.009, basic and diluted. In computing diluted net loss per share for the three months ended December 31, 2023, all outstanding options and warrants were excluded since they were anti-dilutive as a result of the Company being in a loss position.

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the three months period ended December 31, 2024 and 2023, there were separate related party transactions as follows:

i) Transactions:

- a) Salaries and benefits to key management personnel for the year ended December 31, 2024 are \$56,622 (2023: \$nil) and are included as part of payroll expenses on the interim condensed consolidated statement of loss
- b) Professional services charged by key management personnel and directors for the period ended December 31, 2024 were \$50,713 (2023: \$113,424).
- c) Rent expense incurred for the period ended December 31, 2024 charged by a company controlled by Directors of the company were \$6,000 (2023: \$4,498).

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Notes to the Interim Condensed Consolidated Financial Statements

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For the three months periods ended December 31, 2024 and 2023

ii) Period-end balances:

- a) As at December 31, 2024, trade and other payables included \$52,000 (September 30, 2024 - \$52,000) payable to a company related to a director for payments made on behalf of the Company.
- b) As at December 31, 2024, trade and other payables included \$37 (September 30, 2024 - \$nil) payable to a company related to a director in relation to the rent of the administrative office.
- c) As at December 31, 2024, trade and other payable included \$22,635 (September 30, 2024 - \$29,318) payable to a consulting firm for services provided by the Company's former CFO.
- d) As at December 31, 2024, trade and other payables included \$460,768 (September 30, 2024 - \$389,673) payable to directors and key management.

All amounts owing to related parties are non-interest bearing and due on demand.

7. 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, 2023	1	8,497,657	8,497,658
Expenditures incurred	-	431,305	431,305
As at September 30, 2024	1	8,928,962	8,928,963
Expenditures incurred	-	160,036	160,036
As at December 31, 2024	1	9,088,998	9,088,999

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.

8. 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.

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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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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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.