



# **Fredonia Mining Inc.**

**FREDONIA MINING INC.**

**ANNUAL CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024  
EXPRESSED IN US DOLLARS**

## **Independent Auditor's Report**

To the Shareholders of Fredonia Mining Inc.

### **Opinion**

We have audited the consolidated financial statements of Fredonia Mining Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' (deficit) equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has recurring losses and an accumulated deficit as at September 30, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

## **Other information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

**McGovern Hurley LLP**



**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
January 28, 2026

**Fredonia Mining Inc.**  
**Consolidated Statements of Financial Position**

*Expressed in US Dollars*

	<u>September 30, 2025</u>	<u>September 30, 2024</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	147,888	887,487
Other receivables (Note 6a)	197,140	296,735
Prepaid expenses	9,078	7,536
<b>Total current assets</b>	<u><b>354,106</b></u>	<u><b>1,191,758</b></u>
<b>Non-current assets</b>		
Property, plant and equipment (Note 4)	4,806	4,962
<b>Total non-current assets</b>	<u><b>4,806</b></u>	<u><b>4,962</b></u>
<b>Total assets</b>	<u><b>358,912</b></u>	<u><b>1,196,720</b></u>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables (Notes 5 and 8)	966,492	1,099,531
<b>Total liabilities</b>	<u><b>966,492</b></u>	<u><b>1,099,531</b></u>
<b>Shareholders' (deficit) equity</b>		
Share capital (Note 6a)	12,599,344	12,599,344
Contributed surplus (Note 6b)	1,714,891	1,221,145
Warrants reserve (Note 6c)	2,481,411	2,481,411
Deficit	(17,243,339)	(16,063,191)
Accumulated other comprehensive income	(159,887)	(141,520)
<b>Total shareholders' (deficit) equity</b>	<u><b>(607,580)</b></u>	<u><b>97,189</b></u>
<b>Total liabilities and shareholders' (deficit) equity</b>	<u><b>358,912</b></u>	<u><b>1,196,720</b></u>

Business of the Company and going concern (Note 1)

Commitments and contingencies (Note 12)

Subsequent event (Note 13)

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

Approved and authorized by the Board of Directors:

(Signed)

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 Estanislao Auriemma  
 Director

(Signed)

\_\_\_\_\_  
 Michael Doolan  
 Director

**Fredonia Mining Inc.****Consolidated Statements of Loss and Comprehensive Loss**

For the years ended September 30,

*Expressed in US Dollars*

	<u>2025</u>	<u>2024</u>
<b>Expenses</b>		
Administrative and office expenses	(76,834)	(85,531)
Depreciation	(156)	(432)
Exploration expenses (Note 9)	(459,893)	(431,305)
Investor relations	(46,891)	(29,636)
Payroll expenses (Note 8)	(354,337)	(390,305)
Professional fees (Note 8)	(299,911)	(332,033)
Share-based compensation (Note 6b)	(493,746)	-
Travel expenses	(13,495)	(8,296)
Other expenses, net	19,687	(16,814)
	<u>(1,725,576)</u>	<u>(1,294,352)</u>
Exchange rate differences	(1,176)	704
Gain on currency exchange (Note 10)	31,944	144,667
Net interest expenses	(479)	(1,392)
Other income (Note 8)	515,139	24,967
	<u>545,428</u>	<u>168,946</u>
<b>Net loss</b>	<u>(1,180,148)</u>	<u>(1,125,406)</u>
<b>Other comprehensive loss</b>		
Cumulative translation adjustment	(18,367)	(22,690)
<b>Total comprehensive loss</b>	<u>(1,198,515)</u>	<u>(1,148,096)</u>
<b>Net loss per share</b>		
Basic and Diluted	<u>(0.026)</u>	<u>(0.030)</u>
<b>Weighted average number of common shares outstanding</b>		
Basic and Diluted	<u>45,608,652</u>	<u>37,669,372</u>

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

## Fredonia Mining Inc.

### Consolidated Statements of Changes in Shareholders' (Deficit) Equity

For the years ended September 30, 2025 and 2024

Expressed in US Dollars

Net loss for the year	-	-	-	-	(1,180,148)	-	(1,180,148)
Other comprehensive income	-	-	-	-	-	(18,367)	(18,367)
<b>Balance - September 30, 2025</b>	<b>45,608,652</b>	<b>12,599,344</b>	<b>1,714,891</b>	<b>2,481,411</b>	<b>(17,243,339)</b>	<b>(159,887)</b>	<b>(607,580)</b>
<b>Balance - September 30, 2023</b>	<b>35,431,089</b>	<b>11,645,219</b>	<b>1,221,145</b>	<b>2,042,939</b>	<b>(14,937,785)</b>	<b>(118,830)</b>	<b>(147,312)</b>
Private placement	10,177,563	954,125	-	438,472	-	-	1,392,597
Net loss for the period	-	-	-	-	(1,125,406)	-	(1,125,406)
Net loss for the year	-	-	-	-	-	(22,690)	(22,690)
<b>Balance - September 30, 2024</b>	<b>45,608,652</b>	<b>12,599,344</b>	<b>1,221,145</b>	<b>2,481,411</b>	<b>(16,063,191)</b>	<b>(141,520)</b>	<b>97,189</b>

(1) Accumulated other comprehensive income

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

**Fredonia Mining Inc.**  
**Consolidated Statements of Cash Flows**

For the years ended September 30,

*Expressed in US Dollars*

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
Net loss for the year	(1,180,148)	(1,125,406)
Items not affecting cash:		
Depreciation	156	432
Interest expense	479	1,392
Unrealized income on foreign exchange	(8,840)	1,859
Share-based compensation	493,746	-
Change in non-cash working capital:		
Increase in other receivables	(30,044)	(142,283)
Increase in trade and other payables	(133,040)	527,886
(Increase) decrease in prepaid expenses	(1,542)	(5,972)
<b>Net cash used in operating activities</b>	<u><b>(859,233)</b></u>	<u><b>(742,092)</b></u>
<b>Cash Flows from Investing Activities</b>		
Acquisitions of property, plant and equipment	-	-
<b>Net cash used in investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>		
Increase in capital	129,639	1,392,597
<b>Net cash from financing activities</b>	<u><b>129,639</b></u>	<u><b>1,392,597</b></u>
<b>Net change in cash in cash equivalents</b>	<u><b>(729,594)</b></u>	<u><b>650,505</b></u>
Foreign exchange loss on cash	(10,005)	(25,939)
<b>Change in cash and cash equivalents</b>	<u><b>(739,599)</b></u>	<u><b>624,566</b></u>
Cash and cash equivalents, beginning of year	887,487	262,921
<b>Cash and cash equivalents, end of year</b>	<u><b>147,888</b></u>	<u><b>887,487</b></u>

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

# **Fredonia Mining Inc.**

## **Notes to the Consolidated Financial Statements**

### **Expressed in US Dollars**

For the years ended September 30, 2025 and 2024

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#### **1. BUSINESS OF THE COMPANY AND GOING CONCERN**

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.

#### **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 El Dorado-Monserrat Project. 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.

#### **Going concern**

The Company is an exploration company which has not yet achieved production, has recurring losses and an accumulated deficit of \$17.24 million as at September 30, 2025. 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.

**Fredonia Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**Expressed in US Dollars**  
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**2. BASIS OF PRESENTATION**

**Statement of compliance**

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee. The policies applied in the Company's consolidated financial statements are based on IFRS effective for the year ended September 30, 2025.

These consolidated financial statements were approved for issuance by the Company's Board of Directors on January 28, 2026.

**Basis of Measurement**

These 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.

**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 ("CAD\$") and the Company's subsidiaries have functional currencies in the United States dollar ("USD"). The consolidated financial statements are presented in US dollars.

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financials statements are set out below.

**a) Basis of consolidation**

***Subsidiaries***

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

**Fredonia Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
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The wholly owned subsidiaries of Fredonia Mining Inc. are as follows:

Fredonia Management Ltd. ("FML") (British Virgin Islands)

Seis R Assets, S.A. ("6R") (British Virgin Islands)

Minera Fredonia, S.A. ("MFSA") (Argentina)

5R, S.A. ("5R") (Argentina)

***Transactions eliminated on consolidation***

All intercompany balances and transactions are eliminated upon consolidation in preparing the financial statements.

**b) Financial Instruments**

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

The Company characterizes its fair value measurements into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

***Classification and Measurement of Financial Assets***

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value Through Profit or Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

**Fredonia Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
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At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net loss.

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model. A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

***Impairment of Financial Assets***

The Company recognizes loss allowances for Expected Credit Losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

As at September 30, 2025, all of the Company's receivables were deemed collectible. The average expected credit loss on the Company's trade accounts receivable was not estimated to be significant.

***Classification and Measurement of Financial Liabilities***

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Financial liabilities at FVTPL are measured at fair value with changes in fair value, along with any interest expense, recognized in net loss. Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net loss. Any gain or loss on derecognition is also recognized in net earnings.

**Fredonia Mining Inc.**  
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A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net earnings based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net loss.

***Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position comprise cash held at banks and short-term deposits with an original maturity of three months or less.

**c) Foreign currency**

Transactions in currencies other than each entity's functional currency are initially recorded at the exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate as at the date of the consolidated statement of financial position. Non-monetary items are translated using the historical exchange rates prevailing at the dates of the initial transactions. All differences are recorded in net earnings or loss and comprehensive income or loss.

The results of operation and financial position of all the Company's entities that have a functional currency different from the presentation currency (United States dollar) are translated into the presentation currency as follows:

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the reporting;
- b) Income and expenses for each statement of loss are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates or the transactions); and
- c) All resulting exchange differences are recognized in other comprehensive (loss) income.

**d) Income taxes**

Tax expense comprises current and deferred tax. Tax is recognized in the statements of loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

**Fredonia Mining Inc.**  
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***Current income tax***

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

***Deferred tax***

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

**e) Exploration & evaluation assets**

All expenditures on exploration and evaluation activities, including costs incurred to acquire and secure exploration property licenses, are recorded as exploration expenses until it has been established that a mineral property is commercially viable and technically feasible.

**f) Property, plant and equipment**

The Company's property, plant and equipment is comprised of equipment. Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated on a declining balance method to write off the cost of these assets, less estimated residual values, over their useful lives.

**g) Impairment of non-financial assets**

The Company reviews and evaluates impairment of non-financial assets whenever events or changes in circumstances occur that indicates that the carrying amount of the asset will not be recovered from its use or sale. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds the higher of its fair value and value in use. Fair value is the amount that can be obtained from the sale of an asset in an open market. The value of in use corresponds to the present value of the estimated future cash flows expected to be obtained from the continuing use of the asset and from its sale at the end of its useful life. Impairment losses recognized in previous years are reversed if there is a change in the estimates used from the last time an impairment loss was recognized.

**Fredonia Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
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**h) Share-based compensation**

Share-based compensation expense for transactions with employees is determined based on the estimated fair value of shares on the date of grant. Transactions with non-employees are measured at the date when goods and services are received. Where the fair value of goods and services received cannot be reliably measured, the measure of the goods and services received and the corresponding increase in equity is estimated indirectly by reference to the fair value of the equity instruments granted, measured at the date goods are obtained or services rendered. Forfeitures are estimated at the grant date and are subsequently adjusted to reflect actual forfeitures. The expense is recognized over the service period, with a corresponding increase to contributed surplus. At the time the stock options or warrants are exercised, the issuance of common shares is recorded as an increase to share capital and a corresponding decrease to contributed surplus.

**i) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Common shares, stock options and warrants are classified as equity instruments.

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from shareholders' equity, net of any tax effects.

**j) Earnings per share, basic and diluted**

The Company presents basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net profit or loss by the weighted average number of shares outstanding during the year. Diluted earnings per share is determined by adjusting the net profit or loss and the weighted average number of shares outstanding, for all dilutive potential shares, which comprises warrants, and options issued. Items with an anti-dilutive impact are excluded from the calculation.

**k) Use of estimates and judgements**

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below.

**Fredonia Mining Inc.**  
**Notes to the Consolidated Financial Statements**  
**Expressed in US Dollars**  
For the years ended September 30, 2025 and 2024

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***Critical judgments in applying accounting policies***

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements:

*i) Impairment of property, plant and equipment*

Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of reserves, production rates, future precious metals prices, future costs, discount rates, market value of land and other relevant assumptions.

*ii) Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax-related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax-related accruals and deferred income tax provisions in the period in which such determination is made.

***Key sources of estimation uncertainty***

The following are the key assumptions concerning the sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities.

*i) Share-based payments*

All equity-settled, share-based awards issued by the Company are recorded at their estimated fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation, estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

*ii) Tax provisions*

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

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*iii) Determination of functional currency*

As the Company has entities in multiple jurisdictions, the determination of functional currency involves certain judgements in establishing the primary economic environment in which these entities operate. In Argentina, the transactions may be denominated in Argentine pesos or USD. The functional currency is determined by the currency, being presently USD, wherein management's judgement the majority of the operating expenditures are denominated in.

*iv) Estimation of restoration, rehabilitation and environmental obligations and timing of expenditure*

Restoration, rehabilitation and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation or similar liabilities that may occur. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

**l) Future accounting pronouncements**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after October 1, 2025. Many are not applicable or do not have a significant impact to the Company and have been excluded.

Amendments to IAS 21 - In August 2023, the IASB amended IAS 21, The effects of changes in foreign exchange rates, to clarify when a currency is exchangeable into another currency; and how a company estimates a spot rate when a currency lacks exchangeability. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. The amendments apply for annual reporting periods beginning on or after January 1, 2025. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

Amendments to IFRS 7 and IFRS 9 - In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required and early adoption is permitted. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

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IFRS 18 - In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted. The Company is currently assessing the impact of the amendments on its consolidated financial statements.

**4. PROPERTY, PLANT AND EQUIPMENT**

	<u>Equipment</u>	<u>Total</u>
<b>Cost</b>		
Balance, September 30, 2024	7,213	7,213
Additions	-	-
<b>Balance, September 30, 2025</b>	<b><u>7,213</u></b>	<b><u>7,213</u></b>
<b>Accumulated amortization</b>		
Balance, September 30, 2024	2,251	2,251
Additions	156	156
<b>Balance, September 30, 2025</b>	<b><u>2,407</u></b>	<b><u>2,407</u></b>
<b>Net book value</b>		
Balance, September 30, 2024	4,962	4,962
<b>Balance, September 30, 2025</b>	<b><u>4,806</u></b>	<b><u>4,806</u></b>
	<u>Equipment</u>	<u>Total</u>
<b>Cost</b>		
Balance, September 30, 2023	7,213	7,213
Additions	-	-
<b>Balance, September 30, 2024</b>	<b><u>7,213</u></b>	<b><u>7,213</u></b>
<b>Accumulated amortization</b>		
Balance, September 30, 2023	1,819	1,819
Additions	432	432
<b>Balance, September 30, 2024</b>	<b><u>2,251</u></b>	<b><u>2,251</u></b>
<b>Net book value</b>		
Balance, September 30, 2023	5,394	5,394
<b>Balance, September 30, 2024</b>	<b><u>4,962</u></b>	<b><u>4,962</u></b>

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**5. TRADE AND OTHER PAYABLES**

	<u>2025</u>	<u>2024</u>
Trade accounts payable and accruals	657,120	628,540
Related parties (Note 8)	309,372	470,991
	<u>966,492</u>	<u>1,099,531</u>

**6. SHARE CAPITAL**

**a) Common Shares**

As at September 30, 2025, 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 September 30, 2025 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
<b>Balance, September 30, 2024 and September 30, 2025</b>	<u>45,608,652</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).

As at September 30, 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).

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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 September 30, 2025, a total of 4,555,000 (September 30, 2024 – 2,550,000) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

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

	<u>Stock options</u>	<u>Weighted average exercise price (CAD\$)</u>
<b>Balance, September 30, 2023 and September 30, 2024</b>	2,550,000	0.80
Options granted	2,005,000	0.40
<b>Balance, September 30, 2025</b>	<u>4,555,000</u>	<u>0.62</u>

On August 6, 2025, the Company granted 985,000 options to acquire common shares to certain directors, officers, and consultants of the Company at a price of CAD\$0.40 per common share, vesting immediately on the date of grant. The options were for a five-year term, expiring on August 6, 2030.

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 162%, risk-free interest rate of 2.94%, expected dividend yield of 0%, and an expected option life of 5 years, resulting in an assessed fair value per option of CAD\$0.43.

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The value of the stock options granted on August 6, 2025, was \$300,806, which was expensed as share-based compensation in the year ended September 30, 2025.

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 CAD\$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 CAD\$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 year ended September 30, 2025.

The following summarizes information about stock options outstanding as at September 30, 2025:

<u>Exercise price (C\$)</u>	<u>Number of options outstanding</u>	<u>Weighted average term to expire (years)</u>	<u>Number of options exercisable</u>
0.85	1,950,000	0.82	1,950,000
0.55	50,000	1.97	50,000
0.60	550,000	2.35	550,000
0.40	1,020,000	4.24	1,020,000
0.40	985,000	4.85	985,000
	<b>4,555,000</b>	<b>2.65</b>	<b>4,555,000</b>

**c) Warrants**

As at September 30, 2025, 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
<b>Balance, September 30, 2024 and September 30, 2025</b>	<b>13,240,513</b>	<b>0.73</b>

The following summarizes information about total purchase and broker warrants outstanding as at September 30, 2025:

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<b>Exercise prices (CAD\$)</b>	<b>Number of warrants outstanding</b>	<b>Weighted average term to expiry (years)</b>	<b>Number of warrants exercisable</b>
1.40	4,818,398	1.59	4,818,398
0.50	1,755,448	0.38	1,755,448
0.30	6,666,667	1.99	6,666,667
	<b>13,240,513</b>	<b>1.63</b>	<b>13,240,513</b>

**d) Net Income/Loss per share**

For purposes of the Net Income/loss per share calculations for the year ended September 30, 2025, 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 year ended September 30, 2025 was based on the net loss of \$1,180,148 against each of basic and diluted weighted average number of common shares outstanding of 45,608,652, resulting in net loss per share of \$0.026, basic and diluted. In computing diluted net loss per share for the year ended September 30, 2025, 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 Income/loss per share calculations for the year ended September 30, 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 year ended September 30, 2024 was based on the net loss of \$1,125,406 against each of basic and diluted weighted average number of common shares outstanding of 37,669,372, resulting in net loss per share of \$0.030, basic and diluted. In computing diluted net loss per share for the year ended September 30, 2024, all outstanding options and warrants were excluded since they were anti-dilutive as a result of the Company being in a loss position.

**7. INCOME TAXES**

The reconciliation of the Company's expected recovery of income taxes at the statutory rate of 26.5% (2024 – 26.5%) to the Company's provision for income taxes is as follows:

a) Provision for Income Taxes

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Loss before income taxes	<u>(1,198,515)</u>	<u>(1,148,096)</u>
Expected income tax recovery	(318,000)	(304,000)
Share-based compensation	131,000	-
Expenses not deductible for tax purposes	166,000	134,000
Other	1,000	-
Change in tax benefits not recognized	<u>20,000</u>	<u>170,000</u>
	<u>-</u>	<u>-</u>

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b) Deferred Income Tax

Deferred taxes are a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

	<b>2025</b>	<b>2024</b>
	\$	\$
Non-capital loss carry-forwards	3,304,000	3,077,000
Share issue costs	152,000	-
Mineral property costs	207,000	207,000
	<u>3,663,000</u>	<u>3,284,000</u>

The Company's unused tax losses expire from 2041 to 2045 as follows:

<b>Year of Expiry</b>	<b>Loss Carry-Forward</b>
	\$
2041	509,000
2042	847,000
2043	926,000
2044	795,000
2045	227,000
	<u>3,304,000</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits. The Company also has available losses incurred in foreign jurisdictions which can be deducted from taxable income of future years in those jurisdictions. These losses have not been recognized in these financial statements as their realization is uncertain.

**8. RELATED PARTY TRANSACTIONS AND BALANCES**

During the years ended September 30, 2025 and 2024, there were separate related party transactions as follows:

i) Transactions:

- a) Salaries and benefits to key management personnel for the year ended September 30, 2025 are \$122,849 (2024: \$197,085) and are included as part of payroll expenses on the consolidated statement of loss

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- b) Professional services charged by key management personnel and directors for the year ended September 30, 2025 were \$366,593 (2024: \$203,637) and are included as part of professional fees on the consolidated statement of loss.
  - c) Rent expense incurred for the year ended September 30, 2025 charged by a company controlled by Directors of the company were \$32,000 (2024: \$21,500).
  - d) See Note 6.
- ii) Year-end balances:
- a) As at September 30, 2025, 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 September 30, 2025, trade and other payables included \$nil (September 30, 2024 - \$nil) payable to a company related to a director in relation to the rent of the administrative office.
  - c) As at September 30, 2025, trade and other payable included \$29,318 (September 30, 2024 - \$29,318) payable to a consulting firm for services provided by the Company's former CFO.
  - d) As at September 30, 2025, trade and other payables included \$229,179 (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.

During the year ended September 30, 2025, directors and management forgave debt amount owing by the Company for \$432,816 (CAD\$613,171) recorded in other income in the consolidated statements of loss.

**Compensation of Key Management**

The Company has determined that key management personnel consist of its managers, officers and directors. In addition to salaries and fees paid to key management personnel, these groups also participate in the stock option plan. The total compensation expense, including salaries, fees and stock-based compensation relating to key management personnel for the years ended September 30, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Salary, fees and other benefits	366,593	400,722
Share-based compensation	432,932	-
	<u>799,525</u>	<u>400,722</u>

**9. EXPLORATION AND EVALUATION PROPERTIES**

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

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	<u>El Aguila</u>	<u>El Dorado</u>	<u>Total</u>
<b>As at September 30, 2023</b>	<b>1</b>	<b>8,497,657</b>	<b>8,497,658</b>
Expenditures incurred	-	431,305	<b>431,305</b>
<b>As at September 30, 2024</b>	<b>1</b>	<b>8,928,962</b>	<b>8,928,963</b>
Expenditures incurred	-	459,893	459,893
<b>As at September 30, 2025</b>	<b>1</b>	<b>9,388,855</b>	<b>9,388,856</b>

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.

**10. GAIN ON CURRENCY EXCHANGE**

The Company realized gains on the exchange of US dollar contributions to the Argentine subsidiaries for Argentine pesos through third-party financial markets in contrast to the Argentina national posted currency rates. The difference between the official bank rate and the market rate obtained resulted in gain of \$31,944 for the year ended September 30, 2025 (\$144,667 – September 30, 2024).

**11. 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.

**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. The carrying amount of the Company's foreign currency denominated monetary assets and liabilities are as follows in US dollars:

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	<b>As at September 30, 2025</b>	
	<b>Assets</b>	<b>Liabilities</b>
Argentine Pesos	26,434	25,932

  

	<b>As at September 30, 2024</b>	
	<b>Assets</b>	<b>Liabilities</b>
Argentine Pesos	27,780	26,512

*Sensitivity*

Based on the financial instruments held at September 30, 2025, had the US dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's post-tax loss for the period would have been \$50 higher/lower as a result of foreign exchange gains/losses on translation of non-US dollar denominated financial instruments as detailed above. At September 30, 2025, the Company's deficit would have been \$5,479 higher/lower had the US dollar weakened/strengthened by 10% as a result of foreign exchange gains/losses on translation of non-US dollar denominated financial instruments.

***Cash flow fair value interest rate risk***

The Company estimates that, other factors being constant, a 1% increase in floating rates at year-end would increase net loss before income tax for the years ended September 30, 2025 and 2024 in the amount of \$nil and \$nil, respectively.

**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.

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**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, other receivables, and trade and other 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.

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 subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSV Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As at September 30, 2025, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

**12. COMMITMENTS AND CONTINGENCIES**

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differ from these estimates, the difference will be accounted for as a charge to net income (loss) in that period.

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**13. SUBSEQUENT EVENT**

Subsequent to September 30, 2025, a total of 1,576,666 warrants were exercised, representing proceeds of approximately CAD\$473,000.