



FREDONIA MINING INC.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2026 AND 2025
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

	<u>March 31, 2026</u>	<u>September 30, 2025</u>
ASSETS		
Current assets		
Cash and cash equivalents	4,113,372	147,888
Other receivables	235,661	197,140
Prepaid expenses	1,883	9,078
Total current assets	<u>4,350,916</u>	<u>354,106</u>
Non-current assets		
Property, plant and equipment (Note 3)	4,804	4,806
Total non-current assets	<u>4,804</u>	<u>4,806</u>
Total assets	<u><u>4,355,720</u></u>	<u><u>358,912</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Trade and other payables (Notes 4 and 6)	855,538	966,492
Total liabilities	<u>855,538</u>	<u>966,492</u>
Shareholders' equity (deficit)		
Share capital (Note 5a)	16,073,691	12,599,344
Contributed surplus (Note 5b)	1,716,884	1,714,891
Warrants reserve (Note 5c)	4,239,395	2,481,411
Deficit	(18,396,887)	(17,243,339)
Accumulated other comprehensive income	(132,901)	(159,887)
Total shareholders' equity (deficit)	<u>3,500,182</u>	<u>(607,580)</u>
Total liabilities and shareholders' equity (deficit)	<u><u>4,355,720</u></u>	<u><u>358,912</u></u>

Business of the Company and going concern (Note 1)

Subsequent events (Note 9)

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

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

For the three and six months ended March 31,

Expressed in US Dollars

	Three months ended March 31,		Six months ended March 31,	
	2026	2025	2026	2025
Expenses				
Administrative and office expenses	(17,786)	(24,668)	(32,935)	(32,711)
Depreciation	-	(48)	(2)	(102)
Exploration expenses (Note 7)	(423,767)	(77,903)	(488,666)	(203,908)
Investor relations	(44,756)	(14,952)	(47,571)	(31,628)
Payroll expenses (Note 6)	(91,902)	(85,878)	(181,282)	(174,959)
Professional fees (Note 6)	(82,505)	(50,520)	(130,136)	(103,037)
Share-based compensation (Note 5b)	(243,028)	-	(243,028)	(192,940)
Travel expenses	(17,749)	(6,557)	(19,647)	(12,385)
Other expenses, net	(4,558)	(3,657)	(6,541)	3,235
	<u>(926,051)</u>	<u>(264,183)</u>	<u>(1,149,808)</u>	<u>(748,435)</u>
Exchange rate differences	(3,532)	8,222	(3,865)	8,251
Gain on currency exchange	-	13,695	1,031	27,766
Net interest expenses	(371)	(444)	(906)	(1,145)
Other income (Note 6)	-	508,557	-	508,557
	<u>(3,903)</u>	<u>530,030</u>	<u>(3,740)</u>	<u>543,429</u>
Net loss	<u>(929,954)</u>	<u>265,847</u>	<u>(1,153,548)</u>	<u>(205,006)</u>
Other comprehensive loss				
Cumulative translation adjustment	(7,363)	(9,667)	(13,734)	(27,958)
Total comprehensive loss	<u>(937,317)</u>	<u>256,180</u>	<u>(1,167,282)</u>	<u>(232,964)</u>
Net loss per share				
Basic and Diluted	<u>(0.016)</u>	<u>0.006</u>	<u>(0.022)</u>	<u>(0.005)</u>
Weighted average number of common shares outstanding				
Basic and Diluted	57,523,256	45,608,651	51,500,489	45,608,651

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

Fredonia Mining Inc.

Consolidated Statements of Changes in Shareholders' Equity (Deficit)

For the three and six months ended March 31, 2026 and 2025

Expressed in US Dollars

	Number of Common Shares (Note 6a)	Share Capital	Contributed Surplus	Warrants Reserve	Deficit	AOCL ⁽¹⁾	Total Shareholders' Equity (Deficit)
Balance - September 30, 2025	45,608,651	12,599,344	1,714,891	2,481,411	(17,243,339)	(159,887)	(607,580)
Private placement	17,500,000	3,065,049	-	1,586,912	-	-	4,651,961
Warrants exercised	1,576,666	409,298	-	(69,963)	-	-	339,335
Share-based compensation	-	-	1,993	241,035	-	-	243,028
Net loss for the period	-	-	-	-	(1,153,548)	-	(1,153,548)
Other comprehensive loss	-	-	-	-	-	26,986	26,986
Balance - March 31, 2026	64,685,317	16,073,691	1,716,884	4,239,395	(18,396,887)	(132,901)	3,500,182
Balance - September 30, 2024	45,608,652	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	-	-	-	-	(205,006)	-	(205,006)
Other comprehensive income	-	-	-	-	-	(27,958)	(27,958)
Balance - March 31, 2025	45,608,652	12,599,344	1,414,085	2,481,411	(16,268,197)	(169,478)	57,165

(1) Accumulated other comprehensive income

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

Fredonia Mining Inc.
Consolidated Statements of Cash Flows

For the six months ended March 31,

Expressed in US Dollars

	<u>2026</u>	<u>2025</u>
Cash Flows from operating activities		
Net loss for the period	(1,153,548)	(205,006)
Items not affecting cash:		
Depreciation	2	102
Interest expense	906	1,145
Share-based compensation	243,028	192,940
Unrealized income on foreign exchange	23,175	(119,099)
Change in non-cash working capital:		
(Increase) decrease in other receivables	(38,521)	72,955
Decrease (increase) in prepaid expenses	7,195	(334,569)
(Decrease) increase in trade and other payables	(110,954)	4,592
Net cash used in operating activities	<u>(1,028,717)</u>	<u>(386,940)</u>
Cash Flows from Financing Activities		
Increase in capital	4,651,961	-
Warrants exercised	339,335	-
Net cash from financing activities	<u>4,991,296</u>	<u>-</u>
Net change in cash and cash equivalents	<u>3,962,579</u>	<u>(386,940)</u>
Foreign exchange gain on cash and cash equivalents	2,905	89,996
Change in cash and cash equivalents	<u>3,965,484</u>	<u>(296,944)</u>
Cash and cash equivalents, beginning of period	147,888	887,487
Cash and cash equivalents, end of period	<u>4,113,372</u>	<u>590,543</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 and six months ended March 31, 2026 and 2025

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 \$18.40 million as at March 31, 2026. 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 doubt about the Company’s ability to continue as a going concern; however, the recent \$7 Million financing closed on February 4, 2026 will allow the Company to continue working for the next 12 to 18 months.

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Expressed in US Dollars

For the three and six months ended March 31, 2026 and 2025

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.

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, 2025, 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, 2025.

These interim condensed consolidated financial statements were approved for issuance by the Company's Board of Directors on June 1, 2026.

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.

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 interim condensed consolidated financial statements are presented in US dollars.

Basis of presentation

The same accounting policies and methods of computation are followed in these interim condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2025, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2026 could result in restatement 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 and six months ended March 31, 2026 and 2025

New accounting policy adopted

The following amendments were effective for the Company from January 1, 2026:

- Classification and measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

- Annual Improvements to IFRS Accounting Standards - Amendments to:
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash flows

There was no material impact on the unaudited condensed interim financial statements as a result of their adoption.

New standards not yet adopted

Presentation and Disclosure in Financial Statements (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 desegregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including financial statements. Retrospective application is required and early adoption is permitted. The Company will adopt these pronouncements as of their effective date and is currently evaluating the impact on the financial statements.

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, 2025.

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Expressed in US Dollars

For the three and six months ended March 31, 2026 and 2025

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Equipment</u>	<u>Total</u>
Cost		
Balance, September 30, 2025	7,213	7,213
Additions	-	-
Balance, March 31, 2026	<u>7,213</u>	<u>7,213</u>
Accumulated amortization		
Balance, September 30, 2025	2,407	2,407
Additions	2	2
Balance, March 31, 2026	<u>2,409</u>	<u>2,409</u>
Net book value		
Balance, September 30, 2025	4,806	4,806
Balance, March 31, 2026	<u>4,804</u>	<u>4,804</u>

4. TRADE AND OTHER PAYABLES

	<u>31-Mar-26</u>	<u>30-Sep-25</u>
Trade accounts payable and accruals	765,542	657,120
Related parties (Note 6)	89,996	309,372
	<u>855,538</u>	<u>966,492</u>

5. SHARE CAPITAL

a) Common Shares

As at March 31, 2026, 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, 2026 are as follows:

	<u>Common shares</u>	<u>Amount (\$)</u>
Balance, September 30, 2025	45,608,652	12,599,344
Shares issued in private placement, net of cost of issue	17,500,000	3,065,049
Warrants exercised	1,576,666	409,298
Balance, March 31, 2026	<u>64,685,318</u>	<u>16,073,691</u>

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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For the three and six months ended March 31, 2026 and 2025

On February 4, 2026, the Company announced closing the non-brokered private placement of a total of 17,500,000 units of the Company at a price of CAD\$0.40 per unit for aggregate gross proceeds of \$5,021,881 (CAD\$7,000,000). Directors of the Company acquired 1,250,000 units for gross proceeds of \$358,706 (CAD\$500,000).

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\$0.56 per common share for a period of three years from the closing date of the Offering.

The grant date fair value of \$1,355,908 (CAD\$1,890,000) 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\$0.56, a risk-free interest rate of 2.49%; an expected volatility factor of 153.70%; an expected dividend yield of 0%; and an expected life of 3 years.

The Company issued 1,050,000 broker warrants to acquire one common share at a price of CAD\$ 0.40 per common shares for a period of three years for the closing date of the Offering. The grant date fair value of \$231,004, (CAD\$321,996) was assigned to the broker warrants issued as estimated by using the fair value market technique incorporating the Black-Scholes option pricing model, using the following assumptions: share price of CAD\$0.40, a risk-free interest rate of 2.49%; an expected volatility factor of 153.70%; an expected dividend yield of 0%; and an expected life of 3 years.

Total cash fees paid was \$279,791 (CAD\$390,000) and legal fees and transactions cost of \$90,129 (CAD\$125,631).

During the six months ended March 31, 2026, 1,576,666 warrants were exercised at a price of CAD\$ 0.30 per share for gross proceeds of \$339,335 (CAD\$473,000) and the fair value of \$69,962 (CAD\$126,631) was reclassified from warrant reserve.

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, 2026, a total of 4,555,000 (September 30, 2025 – 4,550,000) options were issued and outstanding under this plan. Options which are forfeited/expired are available for reissue.

Fredonia Mining Inc.
Notes to the Interim Condensed Consolidated Financial Statements
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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, 2024	2,550,000	0.80
Options granted	2,005,000	0.40
Balance, September 30, 2025 and March 31, 2026	<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.

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.

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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For the three and six months ended March 31, 2026 and 2025

The following summarizes information about stock options outstanding as at March 31, 2026:

<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	0.32	1,950,000
0.55	50,000	1.47	50,000
0.60	550,000	1.85	550,000
0.40	1,020,000	3.74	1,020,000
0.40	985,000	4.35	985,000
0.62	4,555,000	2.15	4,555,000

c) Warrants

As at March 31, 2026, a total of 20,235,065 (September 30, 2025 – 13,240,513) warrants were issued and outstanding. A summary of the change in total warrants is presented below:

	<u>Warrants</u>	<u>exercise price (CAD\$)</u>
Balance, September 30, 2025	13,240,513	0.73
Warrants issued	10,326,666	0.57
Warrants exercised	(1,576,666)	0.30
Warrants expired	(1,755,448)	0.50
Balance, March 31, 2026	20,235,065	0.70

The following summarizes information about total purchase and broker warrants outstanding as at March 31, 2026:

<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	1.09	4,818,398
0.30	5,090,001	1.49	5,090,001
0.60	1,576,666	1.83	1,576,666
0.56	8,750,000	2.85	8,750,000
0.70	20,235,065	2.01	20,235,065

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Expressed in US Dollars

For the three and six months ended March 31, 2026 and 2025

d) Net Income/Loss per share

For purposes of the Net Income/loss per share calculations for the six months ended March 31, 2026, 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 six months ended March 31, 2026 was based on the net loss of \$1,153,548 against each of basic and diluted weighted average number of common shares outstanding of 51,500,489, resulting in net loss per share of \$0.022 basic and diluted. In computing diluted net loss per share for the six months ended March 31, 2026, 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 six months ended March 31, 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 six months ended March 31, 2025 was based on the net loss of \$205,006 against each of basic weighted average number of common shares outstanding of 45,605,651 and diluted weighted average number of common shares outstanding of 45,605,651, resulting in net loss per share of \$0.004, basic and diluted. In computing diluted net loss per share for the six months ended March 31, 2025, 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 six months ended March 31, 2026 and 2025, there were separate related party transactions as follows:

- i) Transactions:
 - a) Salaries and benefits to key management personnel for the six months ended March 31, 2026 are \$37,713 (2025: \$91,439) 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 six months ended March 31, 2026 were \$56,838 (2025: \$97,450) and are included as part of professional fees on the consolidated statement of loss.
 - c) Rent expense incurred for the six months ended March 31, 2026 charged by a company controlled by Directors of the company were \$17,000 (2025: \$9,498).

Fredonia Mining Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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ii) Period-end balances:

- a) As at March 31, 2026, trade and other payables included \$52,000 (September 30, 2025 - \$52,000) payable to a company related to a director for payments made on behalf of the Company.
- b) As at March 31, 2026, trade and other payables included \$nil (September 30, 2025 - \$nil) payable to a company related to a director in relation to the rent of the administrative office.
- c) As at March 31, 2026, trade and other payable included \$29,184 (September 30, 2025 - \$29,318) payable to a consulting firm for services provided by the Company's former CFO.
- d) As at March 31, 2026, trade and other payables included \$10,761 (September 30, 2025 - \$389,673) payable to directors and key management.

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

During the six months ended March 31, 2026, directors and management forgave debt amount owing by the Company for \$nil (six months ended March 31, 2025 - \$432,816 (CAD\$613,171)),

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 six months ended March 31, 2026 and 2025, was as follows:

	<u>31-Mar-26</u>	<u>31-Mar-25</u>
Salary, fees and other benefits	164,421	107,335
	<u>164,421</u>	<u>107,335</u>

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, 2024	1	8,928,962	8,928,963
Expenditures incurred	-	459,893	459,893
As at September 30, 2025	1	9,388,855	9,388,856
Expenditures incurred	-	533,705	533,705
As at March 31, 2025	1	9,922,560	9,922,561

Fredonia Mining Inc.

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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.

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:

	As at March 31, 2026	
	Assets	Liabilities
Argentine Pesos	13,710	52,675

	As at September 30, 2025	
	Assets	Liabilities
Argentine Pesos	26,434	25,932

Fredonia Mining Inc.

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For the three and six months ended March 31, 2026 and 2025

Sensitivity

Based on the financial instruments held at March 31, 2026, 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 \$1,340 higher/lower as a result of foreign exchange gains/losses on translation of non-US dollar denominated financial instruments as detailed above. At March 31, 2026, the Company's deficit would have been \$115,355 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 six months ended March 31, 2026 and 2025 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.

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.

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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 March 31, 2026, the Company compliant with the policies of the TSXV.

9. SUBSEQUENT EVENTS

On April 13, 2026, the Company granted 1,330,000 options to directors, officers and consultants at an exercise price of CAD\$0.68 for a period of 5 years.

On April 30, 2026, Fredonia announced that it has secured the Judite property, a strategic gold and silver exploration license comprising 4,913 hectares in the Deseado Massif, Santa Cruz Province, Argentina. Judite is contiguous with the Company's flagship El Dorado–Montserrat ("EDM") project, which covers approximately 6,400 hectares, expanding Fredonia's consolidated district footprint to over 11,000 hectares. Importantly, Judite lies immediately adjacent to the western boundary of the Cerro Vanguardia mining area, positioning Fredonia as a direct neighbor to one of Argentina's most significant gold-silver operations. In addition to EDM and Judite, Fredonia also controls a broader land package to the south, including the Saturno area with about 10,500 hectares. Together, these holdings expand the Company's consolidated district land position to approximately 21,800 hectares.

On May 7, 2026, the Company announced the acquisition of additional strategic mineral properties contiguous with the EDM Project in the Deseado Massif, expanding Fredonia's consolidated land position to approximately 33,500 hectares in the district. The acquisition was a significant step in the district consolidation strategy, connecting the previously defined northern and southern mineralized corridors of the EDM Project system into a single, coherent land position, adding ground with meaningful prior exploration work, and strengthening the Company's control over a continuous structural trend. This integration allows the Company to transition from evaluating isolated targets to advancing a unified district-scale exploration model, a key factor in structurally controlled, low-sulphidation epithermal systems where mineralization is often distributed across multiple veins, splays, breccias, alteration zones

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and covered extensions. Within the newly incorporated area, the Company views the Fatiga target as a priority exploration zone based on its compelling geological characteristics.

On May 7, 2026, 165,750 warrants were exercised for gross proceeds of \$49,725.