



# **Fredonia Mining, Inc.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED JUNE 30, 2021 AND 2020  
(UNAUDITED)  
EXPRESSED IN US DOLLARS**

**FREDONIA MINING, INC.**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

These unaudited interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim condensed consolidated financial statements of Route1 Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited interim condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management’s best estimates and judgment based on information currently available. The Company’s independent auditor has not performed a review of these interim condensed consolidated 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 auditor.

August 30, 2021

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

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	<b>As at June 30, 2021</b>	<b>As at September 30, 2020</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Evaluation and exploration assets	1,569,139	1,404,671
<b>Total non-current assets</b>	<b>1,569,139</b>	<b>1,404,671</b>
<b>Current assets</b>		
Other receivables	7,663	4,957
Cash and cash equivalents	4,564,084	7,961
<b>Total current assets</b>	<b>4,571,747</b>	<b>12,918</b>
<b>Total assets</b>	<b>6,140,886</b>	<b>1,417,589</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Non-current liabilities</b>		
Borrowings (Note 6)	-	80,235
Trade and other payable – Non Current (Note 5)	-	250,000
<b>Total non-current liabilities</b>	<b>-</b>	<b>330,235</b>
<b>Current liabilities</b>		
Borrowings (Note 6)	192,922	-
Trade and other payables (Note 5)	1,846,705	578,757
<b>Total current liabilities</b>	<b>2,039,627</b>	<b>578,757</b>
<b>Total liabilities</b>	<b>2,039,627</b>	<b>908,992</b>
Share capital	7,657,383	4,550,229
Options reserve	17,647	-
Warrant's reserve	1,731,260	-
Deficit	(5,305,031)	(4,041,632)
<b>Total shareholders' equity</b>	<b>4,101,259</b>	<b>508,597</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,140,886</b>	<b>1,417,589</b>

Approved and authorized by the Board of Directors:

“Estanislao Auriemma”  
Estanislao Auriemma, President, CEO & Director

“Carlos Espinosa”  
Carlos Espinosa, CFO

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

**Fredonia Mining, Inc.**  
**Condensed Consolidated Interim Statements of Loss**  
**Expressed in US Dollars**

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	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
<b>Expenses</b>				
Administrative and office expenses	(199,007)	(9,926)	(231,354)	(32,362)
Payroll expenses	139,910	(6,822)	(11,706)	(20,861)
Professional fees	(279,089)	-	(415,572)	(17,770)
Travel expenses	-	-	-	(23,807)
Other expenses	(686,208)	(2,110)	(688,835)	(7,039)
	<b>(1,024,394)</b>	<b>(18,858)</b>	<b>(1,347,467)</b>	<b>(101,839)</b>
Exchange rate differences	69,052	(3,370)	82,447	7,894
Interest expenses	476	111	1,621	347
	<b>69,528</b>	<b>(3,259)</b>	<b>84,068</b>	<b>8,241</b>
<b>Net loss - before income tax</b>	<b>(954,866)</b>	<b>(22,117)</b>	<b>(1,263,399)</b>	<b>(93,598)</b>
Income tax	-	-	-	-
<b>Net loss for the year</b>	<b>(954,866)</b>	<b>(22,117)</b>	<b>(1,263,399)</b>	<b>(93,598)</b>
<b>Loss per share (Basic and diluted)</b>	<b>(0,006)</b>	<b>(0,000)</b>	<b>(0,008)</b>	<b>(0,001)</b>
<b>Number of shares outstanding</b>	<b>150,863,453</b>	<b>109,006,378</b>	<b>150,863,453</b>	<b>109,006,378</b>

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

## Fredonia Mining, Inc.

### Condensed Consolidated Interim Statements of Changes in Shareholders' Equity Expressed in US Dollars

	Number of Common Shares (Note 7)	Share Capital	Warrant's Reserve	Options Reserve	Deficit	Total Shareholder's Equity
<b>Balance -September 30, 2020</b>	<b>109,006,378</b>	<b>4,550,229</b>	-	-	<b>(4,041,632)</b>	<b>508,597</b>
Common stock issued	41,857,075	3,107,154	-	-	-	3,107,154
Warrants Reserve	-	-	1,731,260	-	-	1,731,260
Options Reserve	-	-	-	17,647	-	17,647
Net loss for the period	-	-	-	-	(1,263,399)	(1,263,399)
<b>Balance - June 30, 2021</b>	<b>150,863,453</b>	<b>7,657,383</b>	<b>1,731,260</b>	<b>17,647</b>	<b>(5,305,031)</b>	<b>4,101,259</b>

	Number of Common Shares	Share Capital	Deficit	Total Shareholder's Equity
<b>Balance -September 30, 2019</b>	<b>109,006,378</b>	<b>4,550,229</b>	<b>(3,922,373)</b>	<b>627,856</b>
Net loss for the period	-	-	(93,598)	(93,598)
<b>Balance - June 30, 2020</b>	<b>109,006,378</b>	<b>4,550,229</b>	<b>(4,015,971)</b>	<b>534,258</b>

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

**Fredonia Mining, Inc.**  
**Consolidated Condensed Interim Statements of Cash Flows**  
**Expressed in US Dollars**

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	<b>Nine months ended June 30, 2021</b>	<b>Nine months ended June 30, 2020</b>
<b>Cash Flows from Operating Activities</b>		
Net loss for the period	(1,263,399)	(93,598)
Adjustments to reconcile net loss to net cash used in operating activities		
Accrued Interest	(1,621)	(347)
Increase in other receivables	(2,706)	(5,818)
Increase in trade and other payables	1,017,948	54,745
<b>Net cash used in operating activities</b>	<b>(249,778)</b>	<b>(45,018)</b>
<b>Cash Flows from Investing Activities</b>		
Evaluation and exploration expenditures	(164,468)	(20,347)
<b>Net cash used in investing activities</b>	<b>(164,468)</b>	<b>(20,347)</b>
<b>Cash Flows from Financing Activities</b>		
Increase in capital, warrant's reserve and options reserve	4,856,061	-
Increase in borrowings with related parties	114,308	55,994
<b>Net cash provided by financing activities</b>	<b>4,970,369</b>	<b>55,994</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>4,556,123</b>	<b>(9,371)</b>
Cash and cash equivalents, beginning of period	7,961	21,023
<b>Cash and cash equivalents, end of period</b>	<b>4,564,084</b>	<b>11,652</b>

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

# **Fredonia Mining, Inc.**

## **Notes to the Condensed Consolidated Interim Financial Statements Expressed in US Dollars**

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### **1. Business of the company**

Fredonia Mining, Inc. (former Richmond Road Capital Corporation) was incorporated under the Business Corporations Act (Alberta) on September 19, 2012, and acquired by Fredonia Management on June 24, 2021, and changed the name to Fredonia Mining, Inc. The Corporation operates from its primary office in Toronto, Ontario, Canada. Its registered head office is located at 350 Bay St. # 700, Toronto, Ontario, M5H 2S6

These consolidated financial statements were approved for issuance by the Company's Board of Directors on August 30, 2021.

#### **About the Project, acquisitions and financing**

Fredonia, directly or indirectly, owns a 100% interest in certain license areas (totaling approximately 18,300 ha.), all within the Deseado Massif geological region in the Province of Santa Cruz, Argentina. The Company's only material property is the advanced El Dorado-Monserrat Project, which covers approximately 6,200ha located close to Anglo Gold Ashanti's Cerro Vanguardia mine, subject to a 1.5% net smelter return royalty (NSR). The Company also owns the El Aguila, Hornía (Petrificados), and Anita properties, which are not "material properties" of Fredonia under NI 43-101 or "qualifying" properties under TSXV policies.

#### **Nature of operations and global pandemic**

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

Novel Coronavirus ("COVID-19"). The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

# **Fredonia Mining, Inc.**

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

### **Expressed in US Dollars**

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## **2. Basis of preparation and accounting policies**

### **2.1 Basis for the Preparation**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the years ended September 30, 2020 and 2019 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted are consistent with those disclosed in Note 2 to the Company's consolidated financial statements for the years ended September 30, 2020 and 2019.

## **3. Financial instruments and risk management**

### **Financial Risks**

The Company's activities are exposed to various financial risks, market risks (including the foreign exchange rate risk), credit risk, liquidity risk and capital risk.

Note 3 to the Company's annual consolidated financial statements for the year ended September 30, 2020 shows the information corresponding to the financial risk management as of such date. From September 30, 2020, there have been no significant changes in the management or the risk management policies applied by the Company.

## **4. Evaluation and exploration assets**

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% NSR 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. In addition, the Company has certain amounts owing to the original sellers (Note 5).

# Fredonia Mining, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Expressed in US Dollars

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#### 5. Trade and other payables

	<b>As at June 30, 2021</b>	<b>As at September 30, 2020</b>
<b>Current</b>		
Consideration payable – Total	675,265	650,000
Consideration payable – Long term portion	-	(250,000)
Consideration payable – Current	675,265	400,000
Trade accounts payable and accruals	1,025,160	96,801
Related parties (Note 8)	146,280	81,956
	<b><u>1,846,705</u></b>	<b><u>578,757</u></b>

#### 6. Borrowings

##### 6.1 Borrowings

	<b>As at June 30, 2021</b>	<b>As at September 30, 2020</b>
<b>Non Current</b>		
Related parties (Note 8)	-	80,235
	-	<b><u>80,235</u></b>
<b>Current</b>		
Related parties (Note 8)	192,922	-
	<b><u>192,922</u></b>	<b><u>-</u></b>

##### 6.2 Terms and repayment schedule

On October 1, 2019 the company contracted a credit facility with a shareholder and director for up to \$200,000 payable two years after each advance made with interest at LIBOR +1%,  
For de nine and three months ended June 30, 2021 \$114,308 and \$33,577 (2020: \$55,994 and \$ 17,522) were drawn from the credit facility at different dates and interest of \$1,621 and \$476 (2020: \$347 and \$111) were accrued.

The advances are payable staggered from October 2021 to June 2023.

#### 7. Share Capital

The Company's capital is represented by 150,863,453 ordinary shares with no par value and carrying one vote each,

# Fredonia Mining, Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

### Expressed in US Dollars

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#### 8. Related Party Transactions and Balances

During the period ended June 30, 2021, the Company incurred the following related party transactions:

i) Transactions:

- a) Salaries and benefits to key management personnel for the nine and three months ended June 30, 2021 were \$6,091 and \$1,967 (2020: \$6,663 and \$2,326) and are included as part of payroll expenses on the consolidated statement of loss,
- b) Professional services charged by key management personnel and directors for the nine and three months ended June 30, 2021 were \$264,676 and \$188,180 (2020: \$10,957 and \$ 0) and are included as part of professional fees on the consolidated statement of loss,
- c) Interest expense incurred for the nine and three ended June 30, 2021 from a loan payable to a director and shareholder were \$1,621 and \$476 (2020: \$236 and \$111),
- d) Rent expense incurred for the nine and three ended June 30, 2021 charged by a company controlled by Directors of the company were \$13,669 and \$4,563 (2020: \$13,592 and \$4,500),

ii) Period-end balances:

- a) As at June 30, 2021, trade and other payables included \$20,000 (September 30, 2020 - \$20,000) payable to a company related to a director for payments made on behalf of the Company,
- b) As at June 30, 2021, trade and other payables included \$4,314 (September 30, 2020 - \$1,770) payable to a company related to a director in relation to the rent of the administrative office.
- c) As at June 30, 2021, trade and other payables included \$15,138 (September 30, 2020 - \$15,138) payable to a consulting firm for services provided by the Company's CFO in his role,
- d) As at June 30, 2021, trade and other payables included \$103,328 (September 30, 2020 - \$41,548) payable to directors and key management for payments made on behalf of the Company,
- e) As at June 30, 2021, trade and other payables included \$3,500 (September 30, 2020 - \$3,500) payable to directors and key management for salaries and benefits.
- f) In addition as at June 30, 2021 there is a loan payable to a director and shareholder as described in Note 6,

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

#### 9. Restructuring transaction and Funding

*Reverse Take Over:*

On April 7, 2021, Fredonia and Richmond Road Capital Corp, ("RRCC") entered into the Definitive Agreement setting out the principal terms on which RRCC will acquire all of the issued and outstanding Fredonia Shares in order to effect the Qualifying Transaction. As an initial step to be taken in connection with the Qualifying Transaction, the issued and outstanding RRCC Shares will be consolidated by a factor of 0.73529 (or such other factor as may be required to meet the minimum listing requirements of the TSXV). Following the Consolidation, and pursuant to a plan of merger under the BVI Act under which Fredonia and Subco will merge, RRCC will acquire all of the outstanding

# **Fredonia Mining, Inc.**

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

### **Expressed in US Dollars**

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Fredonia Shares in exchange for 109,006,378 RRCC Shares, at a deemed price of \$0.17 per Fredonia Share, and Fredonia will become a wholly-owned subsidiary of RRCC. Concurrently with the completion of the Qualifying Transaction, RRCC changed its name to “Fredonia Mining Ltd.”

Fredonia and RRCC completed the Concurrent Financing in connection with the Qualifying Transaction on February 24, 2021. Each Fredonia Subscription Receipt was sold at a price of \$0.17 per subscription receipt, with each Fredonia Subscription Receipt entitling the holders to receive one Fredonia common share and one-half of one Fredonia common share purchase warrant. Funds raised under the private placement will be held in escrow pending the satisfaction or waiver of certain escrow release conditions. The Concurrent Financing was completed on both a brokered and non-brokered basis for an aggregate of 37,445,310 Fredonia Subscription Receipts for gross escrowed proceeds of approximately \$6,365,702.7 million. Paradigm Capital Inc. and Red Cloud Securities Inc. acted as co-lead agents for the brokered portion of the Concurrent Financing. The Agents were paid a cash fee of 7% of the gross proceeds of subscriptions for the persons introduced to the Concurrent Financing by the Agents, and 3.5% of the gross proceeds of subscriptions from the non-brokered portion of the subscriptions in the Concurrent Financing. The Agents were also issued 2,274,124 Agents' Warrants, representing 7% of the number of Fredonia Subscription Receipts subscribed for by persons introduced to the Concurrent Financing by the Agents, and 3.5% of the number of Fredonia Subscription Receipts subscribed for by persons in the non-brokered portion of the Concurrent Financing. Each Agents' Warrant is exercisable to purchase one Resulting Issuer Share at a price of \$0.17 for a period of 36 months from the date of closing of the Qualifying Transaction.

Upon release from escrow, the proceeds of the Concurrent Financing, will fund exploration and development of Fredonia's mineral projects. Future exploration and development will be financed through additional equity sales, the exercise of warrants or other financial methods deemed appropriate by management.

After completed the transaction on June 24, 2021, Fredonia issued 37,445,310 Fredonia Shares and 18,722,655 Fredonia Warrants pursuant to the automatic exchange of Fredonia Subscription Receipts upon satisfaction of the Escrow Release Conditions. As a result of the transaction, there are a total of 150,863,453 issued and outstanding shares, and an additional 21,437,956 convertible securities exercisable to purchase Fredonia's Shares outstanding. Former Fredonia shareholders hold approximately 63.2649% of the Resulting Issuer Fully Diluted Shares, and pre-Qualifying Transaction RRCC shareholders hold 2.8166% of the Resulting Issuer Shares. The remaining 33.9185% of the issued and outstanding Resulting Issuer Shares are held by persons who acquired such shares on the exchange of Fredonia Subscription Receipts purchased in the Concurrent Financing.

Upon the completion of the Concurrent Financing and the Merger, Fredonia will use the funds available to it to continue mineral exploration activities, including drilling, resource development and the satisfaction of general operating expenses. Specifically, management currently intends to use funds available over the next 12 months for the following purposes and in the following order of priority:

Upon completion of the Qualifying Transaction, Fredonia's Board is consisting of Ali Mahdavi (Chairman), Estanislao Auriemma, Dr. Ricardo Auriemma, Dr. Waldo Perez, and Michael Doolan. Its management is consisting of Estanislao Auriemma, Chief Executive Officer; Carlos Espinosa, Chief Financial Officer. All directors and officers of RRCC resigned at the closing of the Qualifying Transaction. Key members of Fredonia's management team and Board have experience running

# **Fredonia Mining, Inc.**

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

### **Expressed in US Dollars**

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business operations in emerging markets, including specifically in Argentina.

#### *Arm's Length Qualifying Transaction*

The Merger was not a Non Arm's Length Qualifying Transaction in accordance with the policies of the TSXV. No Non-Arm's Length Parties to RRCC have any interest in Fredonia or in the Properties or are currently insiders of Fredonia, nor is there any relationship between or among the Non-Arm's Length Parties to the Issuer and the Non-Arm's Length Parties to the Qualifying Transaction, whether or not the proposed Qualifying Transaction constitutes a Non-Arm's Length Qualifying Transaction.

The completion of the Qualifying Transaction was not subject to the approval of RRCC's Shareholders, however, the Name Change and the Consolidation were approved by RRCC Shareholders at the RRCC Meeting.

No finder's fee or commission was paid or is payable in relation to the Qualifying Transaction.