

Fredonia Enters into Shares for Debt Agreement for Portion of El Aguila Acquisition Obligations

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TORONTO, Sept. 17, 2021 - [Fredonia Mining Inc.](#) (TSXV:FRED) (the "Company" or "Fredonia") announces it has entered into an agreement (the "Shares for Debt Agreement") with Mr. Hector Omar Carrizo on September 15, 2021 to satisfy US\$500,000 of cash obligations owing in connection with the acquisition of the Winki II", "Petrificados", "Aguila I" and "Aguila II" mineral rights and properties in Santa Cruz Province, Argentina (collectively, the "El Aguila Project") through the issuance of 2,200,000 common shares in the capital of the Company ("Common Shares").

On September 15, 2016, Fredonia agreed to acquire the El Aguila Project from Winki S.A., a private company existing under the laws of Argentina, in an arm's-length transaction for total consideration of US\$1,400,000.00 (the "Purchase Price") and the grant of a 1% net profit interest royalty in favour of the vendors during the production/exploitation phases of the El Aguila Project (the "Royalty"). Winki S.A. subsequently assigned its rights to the Purchase Price to its two shareholders in equal parts. Mr. Carrizo owned a 50% interest in Winki S.A. and was therefore owed a total of US\$700,000 of the Purchase Price and owned half of the Royalty. The other shareholder and Fredonia Management Limited, a company existing under the laws of the British Virgin Islands with which the Company completed its "qualifying transaction" in July 2021, and now a wholly-owned subsidiary of the Company, agreed to accept shares of Fredonia Management Limited in exchange for the cash debt owing prior to completion of the qualifying transaction.

The obligation to pay the remaining cash portion of the Purchase Price to Mr. Carrizo vested in annual instalments, with the final tranche becoming due September 15, 2021. US\$50,000 has been repaid to date, such that as at the agreement date, the remainder of the cash portion of the Purchase Price represented a cash debt to Fredonia of US\$650,000.

Under the terms of the Shares for Debt Agreement, Fredonia and Mr. Carrizo have agreed to that the Company may satisfy the outstanding portion of the Purchase Price by issuing 2,200,000 Common Shares and making a lump-sum cash payment of USD\$150,000. The issuance of 2,200,000 Common Shares in exchange for US\$500,000 of debt represents an approximate implied price per Common Share of \$0.2886, using an exchange rate of approximately US\$1 = CDN\$1.27, being the average daily exchange rate for United States dollars in terms of Canadian dollars presented by the Bank of Canada on September 16, 2021. The implied price per Common Share represents a 15.44% surplus to the closing trading price of the Common Shares on the TSXV on September 16, 2021, the trading date immediately prior to the Shares for Debt Agreement date.

The issuance of Common Shares in satisfaction of debt contemplated by the Shares for Debt Agreement is subject to, among other things, obtaining necessary regulatory approvals, including acceptance of the TSXV under TSXV Policy 4.3 -- *Shares for Debt*. The Company entered into the Shares for Debt Agreement to settle outstanding cash debt in order to preserve cash. The Company is in the process of seeking to obtain the necessary regulatory approvals.

About Fredonia

Fredonia, incorporated under the laws of the British Virgin Islands, directly or indirectly, owns 100% interest in certain license areas (totaling approximately 18,300 ha.) (collectively, the "Project"), all within the Deseado Massif geological region in the Province of Santa Cruz, Argentina, including the following principal areas: El Aguila, approx. 9,100ha, Petrificados, approx. 3,000ha, and the flagship, advanced El Dorado-Monserrat ("EDM") covering approx. 6,200ha located close to Anglo Gold Ashanti's Cerro Vanguardia mine, subject to a 1.5% net smelter return royalty on the EDM project, 0.5% net profits interest on Winki II, El Aguila I, El

Aguila II and Petrificados.

For further information please visit the Company website www.fredoniamanagement.com or contact:

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