# EDGEWATER EXPLORATION LTD.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
(Expressed in Canadian Dollars - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51-102, the Company discloses that its independent auditors have not reviewed the condensed interim consolidated financial statements for the period ended September 30, 2016.

**EDGEWATER EXPLORATION LTD.**
**CONSOLIDATED BALANCE SHEETS**
(Expressed in Canadian Dollars - Unaudited)

| | Note | | September 30, 2016 | | December 31, 2015 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current** | | | | | |
| Cash | | $ | 507,474 | $ | 160,455 |
| GST and other receivables | | | 4,656 | | 13,530 |
| Short-term investment | | | 15,000 | | 140,000 |
| Prepaid expenses | | | 42,180 | | 43,130 |
| | | | 569,310 | | 357,115 |
| **Non-current** | | | | | |
| Reclamation deposits and restricted cash | 4 | | 913,450 | | 962,087 |
| Property and equipment | | | - | | 1,200 |
| | | $ | 1,482,760 | $ | 1,320,402 |
| **LIABILITIES AND SHAREHOLDERS' DEFICIT** | | | | | |
| **Current** | | | | | |
| Trade and other payables | | $ | 590,102 | $ | 624,015 |
| Current provision for government grants | | | 49,848 | | 102,359 |
| | | | 639,950 | | 726,374 |
| **Non-current** | | | | | |
| Deferred revenue | | | 3,744,149 | | 3,844,311 |
| Provision for government grants | | | 49,845 | | 51,179 |
| Provision for reclamation | | | 80,903 | | 83,067 |
| | | | 4,514,847 | | 4,704,931 |
| **Shareholders' deficit** | | | | | |
| Share capital | | | 30,805,679 | | 30,416,443 |
| Share-based payments reserve | | | 4,799,487 | | 4,798,517 |
| Warrants reserve | | | 6,472,830 | | 6,377,022 |
| Accumulated other comprehensive income | | | 1,144,576 | | 1,052,512 |
| Accumulated deficit | | | (46,254,659) | | (46,029,024) |
| | | | (3,032,087) | | (3,384,529) |
| | | $ | 1,482,760 | $ | 1,320,402 |
| ***Nature of operations and going concern*** | 1 | | | | |
| ***Contingencies*** | 9 | | | | |
| ***Subsequent events*** | 10 | | | | |

**On behalf of the Audit Committee:**

*"Danny Lee"* Director *"Douglas Forster"* Director

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

**EDGEWATER EXPLORATION LTD.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT**
(Expressed in Canadian Dollars - Unaudited)
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**

| | Common shares | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number* | Amount | Share-based payments reserve | Warrants reserves | Accumulated other comprehensive income | Accumulated deficit | Total |
| Balance – January 1, 2016 | 104,694,437 | $30,416,443 | $4,798,518 | $6,377,022 | $1,052,512 | $(46,029,024) | ($3,384,529) |
| Issued for cash *(Note 5(a))* | 20,000,000 | 389,236 | - | 95,808 | - | - | 485,044 |
| Share-based compensation | - | - | 970 | - | - | - | 970 |
| Net loss for the period | - | - | - | - | - | (225,636) | (225,636) |
| Foreign currency translation | - | - | - | - | 92,064 | - | 92,064 |
| Balance – September 30, 2016 | 124,694,437 | $30,805,679 | $4,799,487 | $6,472,830 | $1,144,576 | $(46,254,659) | ($3,032,087) |

| | Common shares | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number* | Amount | Share-based payments reserve | Warrants reserves | Accumulated other comprehensive income | Accumulated deficit | Total |
| Balance – January 1, 2015 | 104,694,437 | $30,416,443 | $4,752,082 | $6,377,023 | $1,271,139 | $(45,536,536) | ($2,719,850) |
| Share-based compensation | - | - | 40,618 | - | - | - | 40,618 |
| Net loss for the period | - | - | - | - | - | (345,950) | (345,950) |
| Foreign currency translation | - | - | - | - | (201,096) | - | (201,096) |
| Balance – September 30, 2015 | 104,694,437 | $30,416,443 | $4,792,700 | $6,377,023 | $1,070,043 | $(45,882,487) | ($3,226,278) |

*Subsequent to September 30, 2016, the Company received approval from its shareholders to consolidate its outstanding common shares on the basis of four (4) existing common shares for one (1) new common share (the "Consolidation"). The issued and outstanding common shares of the Company after the Consolidation are 31,173,609 common shares.

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

**EDGEWATER EXPLORATION LTD.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
(Expressed in Canadian Dollars - Unaudited)

| | For the Three Months Ended September 30, 2016 | For the Three Months Ended September 30, 2015 | For the Nine Months Ended September 30, 2016 | For the Nine Months Ended September 30, 2015 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Accounting and audit fees | 5,000 | 5,000 | 17,050 | 29,240 |
| Amortization | - | 546 | - | 6,059 |
| Consultants | - | 3,000 | 3,000 | 9,000 |
| Field costs *(Note 9(a))* | 15,378 | - | 56,789 | - |
| Finance costs | - | 15 | - | 808 |
| Foreign exchange loss (gain) | - | (2,854) | 2,651 | (7,009) |
| Insurance | 4,275 | 6,570 | 16,948 | 17,927 |
| Investor relations, marketing and conferences | - | - | - | 13,640 |
| Legal | 792 | 512 | 5,680 | 6,286 |
| Office costs | 4,492 | 3,797 | 12,784 | 13,462 |
| Rent | - | - | 23,758 | 15,004 |
| Salaries and benefits *(Note 9(a))* | 28,504 | - | 83,851 | - |
| Share-based compensation | - | 4,196 | 970 | 24,003 |
| Trust and regulatory fees | 2,229 | 1,300 | 10,840 | 13,142 |
| Write-down of mineral property | - | 67,590 | - | 241,513 |
| Loss on sale of equipment | - | 1,227 | - | 2,316 |
| | 60,670 | 90,899 | 234,321 | 385,390 |
| **OTHER INCOME** | | | | |
| Interest and other income | (1,229) | (1,539) | (8,685) | (23,858) |
| Cost recovery | - | - | - | (2,648) |
| Return of deposit paid | - | - | - | (12,933) |
| **Net loss for the period** | 59,441 | 89,360 | 225,636 | 345,950 |
| **OTHER COMPREHENSIVE LOSS (INCOME)** | | | | |
| Foreign currency translation | 76,602 | 286,119 | (92,064) | 201,096 |
| **Comprehensive loss for the period** | 136,043 | 375,479 | 133,572 | 547,046 |
| **Loss per share – basic and diluted** | 0.00 | 0.00 | 0.00 | 0.00 |
| **Weighted average number of shares outstanding:** | | | | |
| **Basic and diluted*** | 109,477,046 | 104,694,437 | 106,306,159 | 104,694,437 |

*Subsequent to September 30, 2016, the Company received approval from its shareholders to consolidate its outstanding common shares on the basis of four (4) existing common shares for one (1) new common share (the "Consolidation"). The issued and outstanding common shares of the Company after the Consolidation are 31,173,609 common shares.

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

**EDGEWATER EXPLORATION LTD.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Expressed in Canadian Dollars - Unaudited)

| | For the Nine Months Ended September 30, 2016 | For the Nine Months Ended September 30, 2015 |
|---|---|---|
| **CASH PROVIDED BY (USED IN):** | | |
| **Cash flows from operating activities:** | | |
| Loss for the period | (225,636) | (345,950) |
| Interest and other income reclassified to cash flows from investing activities | (8,685) | (23,858) |
| Non-cash items: | | |
| Write-down of equipment | - | 2,316 |
| Share-based compensation | 970 | 24,003 |
| Unrealized foreign exchange | 11,868 | (11,307) |
| Amortization | - | 6,059 |
| Changes in non-cash working capital: | | |
| Trade and other receivables | 8,546 | 34,743 |
| Prepaid expenses | 949 | 3,111 |
| Trade and other payables | (27,467) | (56,501) |
| | (239,455) | (367,385) |
| **Cash flows from investing activities:** | | |
| Cash paid to release reclamation deposits | - | (34,280) |
| Interest and other income | 8,685 | 23,858 |
| Return of reclamation deposits | 23,613 | 517,564 |
| Repayment of government grants | (52,511) | (47,478) |
| Redemption of short-term investment | 125,000 | 50,000 |
| Exploration and evaluation costs | - | (104,855) |
| | 104,787 | 404,808 |
| **Cash flows from financing activities:** | | |
| Shares issued for cash, net of share issuance costs | 485,044 | - |
| Effect of exchange rate on cash | (3,357) | 15,246 |
| **Increase in cash** | 347,019 | 52,669 |
| **Cash – beginning of period** | 160,455 | 249,530 |
| **Cash – end of period** | 507,474 | 302,199 |
| **Supplemental Disclosure on Non-cash Investing and Financing Activities:** | | |
| Fair value of warrants issued | 95,808 | - |
| Exploration and evaluation costs included in trade and other payables | - | 430,974 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Edgewater Exploration Ltd. and its subsidiaries (collectively, "Edgewater" or the "Company") are in the mineral property exploration and development business. Edgewater Exploration Ltd., the parent, is a public company that is listed on the NEX board of the TSX Venture Exchange (symbol: EDW.H) *(Note 10(a))*. It is incorporated in Canada and its head office is located at Suite 1680 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. They do not include all of the information and footnotes required by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2015. The same accounting policies and methods of computation are used in the preparation of these unaudited condensed interim consolidated financial statements as for the most recent audited annual financial statements and reflect all the adjustments necessary for fair presentation in accordance with IFRS for the interim periods presented.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Several adverse conditions cast significant doubt on the validity of this assumption. The Company has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its administrative expenses. The Company has incurred operating losses since inception. As at September 30, 2016, the Company had $46,254,659 in accumulated deficit and negative working capital of $70,640.

The Company's ability to meet its administrative expenses is dependent upon management's ability to obtain additional financing and settle its dispute with the Galician Government in Spain. On October 21, 2015, the Company served the Kingdom of Spain a notice of dispute pursuant to the terms of the bilateral investment treaty ("BIT") between Spain and Panama (the Corcoesto Gold Project is indirectly owned by the Company's Panama subsidiary). Should Spain fail to promptly offer full compensation for the loss of investment and opportunity, the Company will prosecute its claims in international arbitration under the BIT to secure such full compensation. The Company intends to exercise all available remedies to protect the rights and the interests of its shareholders including international arbitration.

During the period ended September 30, 2016, the Company completed a non-brokered private placement financing of 20,000,000 units at a price of $0.025 per unit to raise gross proceeds of $500,000 *(Note 5(a))*.

There is no assurance that the Company will be able to obtain additional financing or resolve its dispute with Spain in the future. The Company's condensed interim consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, such adjustments could be material.

The unaudited condensed interim financial statements were authorized for issue by the Audit Committee on November 16, 2016.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical estimates and assumptions are made in particular with regard to: (i) the assumptions used in calculating the fair value of warrants and share-based payments; and (ii) provision for reclamation.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd.)

Fair value of warrants and share-based payments

The Company uses the fair-value method of accounting for share-based payments related to incentive stock options and warrants granted, issued, modified or settled. Under this method, compensation cost attributable to options is measured at fair value at the grant date and expensed over the vesting period. In determining the fair value, the Company makes estimates of the expected volatility of the stock, the expected life of the options or warrants, and an estimated risk-free interest rate. Changes to these estimates could result in the fair value of the options and warrants being less than or greater than the amount recorded.

Provision for reclamation

The Company assesses its provision for the Carlés property reclamation on an annual basis or when new material information becomes available. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at the Carlés property. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

## 3. CHANGES IN ACCOUNTING POLICIES

*Recently issued but not adopted accounting guidance are as follows:*

IFRS 9, Financial Instruments ("IFRS 9"), addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes nine primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and FVTPL. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the impact of IFRS 9.

In January 2016, the IASB issued a new standard IFRS 16, *Leases* ("IFRS 16"). This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company is in the process of determining the impact of IFRS 16 on its consolidated financial statements.

(Expressed in Canadian Dollars - Unaudited)

## 4. RECLAMATION DEPOSITS AND RESTRICTED CASH

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Opening balance | $ 962,087 | $ 1,385,240 |
| Return of reclamation deposits | (23,613) | (525,794) |
| Additions | - | 41,136 |
| Foreign exchange | (25,024) | 61,505 |
| Ending balance | $ 913,450 | $ 962,087 |

During the period ending September 30, 2016, reclamation deposits totaling $23,613 (equivalent to €16,000) were returned to the Company. The Company has applied to authorities to have all remaining deposits related to El Valle reclamation returned to the Company as the Company has fulfilled its obligation in respect to this property.

## 5. SHARE CAPITAL

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

*(a)* *Private Placement*

The Company completed a non-brokered private placement financing of 20,000,000 units (the "Units") at a price of $0.025 per Unit to raise gross proceeds of $500,000 (the "Private Placement"). Each Unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for $0.05 until September 8, 2021. Edgewater did not pay any finder's fees in connection with the Private Placement.

The Company incurred $14,956 in transaction fees related to the Private Placement. The allocation of fair value of the warrants issued in connection with this Private Placement was $95,808, with the corresponding charge to contributed surplus using the relative fair value approach. The fair value of the warrants was determined using the Black-Scholes pricing model with a risk free rate of 0.68%, volatility factor of 121.59% and an expected life of the warrants of 5 years.

All securities issued in the Private Placement will be subject to a hold period until January 2017 following the distribution date under applicable Canadian securities legislation.

*(b)* *Stock Options*

The total fair value of stock options that vested during 2016 was $970 (2015 - $40,618). A summary of the Company's stock options as at September 30, 2016 is presented below:

| Exercise price | January 1, 2016 | Expired | September 30, 2016 | Expiry date | Remaining contractual life in years | Number of options vested |
|---|---|---|---|---|---|---|
| $1.10 | 100,000 | (100,000) | - | January 10, 2016 | - | - |
| $0.85 | 250,000 | (250,000) | - | March 29, 2016 | - | - |
| $0.85 | 1,600,000 | (1,600,000) | - | August 2, 2016 | - | - |
| $0.66 | 250,000 | - | 250,000 | November 8, 2016 | 0.11 | 250,000 |
| $0.52 | 400,000 | - | 400,000 | January 9, 2017 | 0.28 | 400,000 |
| $0.40 | 1,625,000 | - | 1,550,000 | October 11, 2017 | 1.03 | 1,550,000 |
| $0.40 | 25,000 | - | 25,000 | November 22, 2017 | 1.15 | 25,000 |
| $0.50 | 350,000 | - | 350,000 | April 5, 2018 | 1.51 | 350,000 |
| $0.20 | 300,000 | - | 300,000 | August 30, 2018 | 1.92 | 300,000 |
| $0.10 | 3,050,000 | - | 3,050,000 | July 14, 2019 | 2.79 | 3,050,000 |
| | 7,875,000 | (1,950,000) | 5,925,000 | | | 5,925,000 |
| | $0.41 | $0.86 | $0.26 | Weighted average exercise price | | |

(Expressed in Canadian Dollars - Unaudited)

## 5. SHARE CAPITAL (cont'd.)

*c) Share Purchase Warrants*

A summary of the Company's share purchase warrants as at September 30, 2016 is presented below:

| Exercise price | January 1, 2016 | Issued | September 30, 2016 | Expiry date | Remaining contractual life in years |
|---|---|---|---|---|---|
| $0.10 | 15,900,000 | | 15,900,000 | January 7, 2019 | 2.27 |
| $0.05 | - | 20,000,000 | 20,000,000 | September 8, 2021 | 4.94 |
| | 15,900,000 | 20,000,000 | 35,900,000 | | |
| | $0.10 | $0.05 | $0.07 | Weighted average exercise price | |

## 6. RELATED PARTY TRANSACTIONS

Key management personnel include directors and officers that provide management and consulting services to the Company.

Share-based payments to key management personnel of the Company amounted to $826 during the period ending September 30, 2016 (2015 - $12,397).

During the period ending September 30, 2016, the Company recovered $27,623 in rent expense from companies with directors and officers in common. The rental office sharing arrangement with Pinecrest Resources Ltd. and Calibre Mining Corp. was made in order to minimize administration costs and is on a month-to-month basis.

## 7. SEGMENTED INFORMATION

The Company's business is the acquisition, exploration, evaluation, and development of mineral resource properties, which was previously conducted in Spain *(Note 1)*. The Company has no reportable segment revenues.

| | | September 30, 2016 | | September 30, 2015 |
|---|---|---|---|---|
| Assets by geographic location, at cost | | | | |
| Canada | | | | |
| Total assets | $ | 534,570 | $ | 293,359 |
| Total liabilities | $ | 377,703 | $ | 327,636 |
| Net loss for the period | $ | 84,484 | $ | 135,672 |
| Spain | | | | |
| Total assets | $ | 948,191 | $ | 1,177,026 |
| Total liabilities | $ | 4,137,145 | $ | 4,371,527 |
| Net loss for the period | $ | 141,152 | $ | 212,779 |
| Write-down of mineral property | $ | - | $ | 241,513 |

## 8. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, GST and other receivables, short-term investment, reclamation deposits and restricted cash, trade and other payables, government grants, and deferred revenue.

(a) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company attempts to ensure there is sufficient access to funds to meet short-term business requirements. One of management's goals is to maintain an optimal level of liquidity through the active management of the Company's assets, liabilities, and cash flows. The Company prepares annual budgets which are approved by the Board of Directors and prepares cash flows and liquidity forecasts when appropriate. The Company's cash is held as cash deposits or invested in GICs which are available on demand to fund the Company's short-term financial obligations. All current liabilities are due within the next 12 months. For further discussion, see Note 1 of the financial statements.

(b) *Credit Risk*

The Company's credit risk is primarily attributable to its cash and GST and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash are held as cash deposits or invested in GICs with counterparties that carry investment grade ratings as assessed by external rating agencies. GST and other receivables consist mainly of refundable value added tax credits.

(c) *Market Risks*

The significant market risks to which the Company is exposed are currency risk and interest rate risk. The Company does not currently use derivative or hedging instruments to reduce its exposure to fluctuations in such risks.

i) Currency Risk

The Company's functional currencies are the Canadian dollar and Euro. The Company is exposed to foreign currency risk on cash and receivable balances and the settlement of purchases that are denominated in other than the functional currencies. With all other variables held constant, the Company's shareholders' equity and earnings after tax would both increase (decrease) due to changes in the carrying value of monetary assets and liabilities.

ii) Interest Rate Risk

The Company's interest rate risk arises from the interest earned on its deposits, short-term investment, and the interest charged on the repayable government grants. Deposits including its short-term investment are invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. The Company's other financial assets and liabilities are not subject to interest rate risk since they do not bear interest.

(d) *Capital Management*

The Company's objectives in managing its capital resources are to safeguard the entity's ability to continue as a going concern and maximize returns to shareholders in the context of the market. The Company satisfies its capital requirements through management of its cash resources and by utilizing equity issues, as necessary, based on the prevailing economic conditions of both the industry and the capital markets and the underlying risks characteristics of the related assets. The Company's principal source of capital is from the issuance of common shares. To meet the objectives, management monitors the Company's ongoing capital requirements against net working capital and assesses additional capital requirements on a case-by-case basis. The Company is not subject to any externally imposed capital requirements. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, share-based payments reserve, warrants reserve, accumulated other comprehensive income, and accumulated deficit.

## 9. CONTINGENCIES

a) In 2015, the Company signed a litigation funding agreement with a third party in order to finance the prosecution of the Company's claims under the BIT. Compensation of the third party is contingent on a successful outcome and resolution from the dispute with Spain. The actual amount received by the third party will vary in accord to the actual settlement received by the Company from Spain.

During the period ending September 30, 2016, the Company incurred $56,789 (2015 - $Nil) in field-related costs and $83,851 (2015 - $Nil) in salaries and benefits for its remaining personnel in Spain.

b) During the period ending September 30, 2016, the Company signed a settlement agreement with a former employee for termination severance benefits. Payment of the termination severance benefits of US$68,826 is contingent on the successful outcome of the Company's litigation against the Kingdom of Spain.

## 10. SUBSEQUENT EVENTS

Subsequent to September 30, 2016:

a) The Company was advised by the TSX Venture Exchange that it is unable to satisfy its listing requirements as a Tier 2 issuer and as a result, the Company's listing has been transferred to the NEX board of the TSX Venture Exchange. The trading symbol of the Company changed from EDW to EDW.H.

b) The Company received approval from its shareholders to consolidate its outstanding common shares on the basis of four (4) existing common shares for one (1) new common share (the "Consolidation"). The issued and outstanding common shares of the Company after the Consolidation are 31,173,609 common shares.