

EDGEWATER EXPLORATION LTD.

Interim Management's Discussion and Analysis – Quarterly Highlights

For the Period Ended March 31, 2017

(Expressed in Canadian Dollars – Unaudited)

Introduction

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). It is incorporated in Canada and its head office is located at Suite 413 – 595 Burrard Street, Vancouver, British Columbia, V7X 1J1.

This interim Management Discussion and Analysis (“MD&A”) should be read in conjunction with the unaudited condensed interim consolidated financial statements of Edgewater Exploration Ltd. (“Edgewater” or the “Company”) for the period ended March 31, 2017. The Company reports its financial position, results of operations, changes in shareholders’ deficit, and cash flows in accordance with International Financial Reporting Standards (“IFRS”). Additional information relating to the Company including the most recent Company filings can be located on SEDAR at www.sedar.com.

This MD&A is prepared as of May 24, 2017. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Forward Looking Statements and Risk Factors

This interim MD&A includes certain statements that may be deemed “forward-looking statements.” All statements in this discussion, other than statements of historical facts, that address events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

For a detailed listing of the risk factors, please refer to the Company’s annual MD&A for the year ended December 31, 2016.

Results of Operations

As at March 31, 2017, the Company had total assets of \$1,278,778 compared to \$1,335,793 as at December 31, 2016. Short-term investment and reclamation deposits and restricted cash account for majority of the assets as at March 31, 2017.

During the three months ended March 31, 2017, the Company recorded a net loss of \$51,607 as compared to a net loss of \$97,152 during the same period in the prior year. The net loss per share in both periods were \$nil.

During the three months ended March 31, 2017, the Company recovered \$1,314 in rent compared to rent expense of \$18,555 during the same period in the prior year. The recovery in 2017 was due to receipt of a net operating expense credit from the landlord. Prior year rent expense mainly relates to commission fees paid by the Company in order to sublease its former office space.

During 2017, share-based compensation expense was \$nil compared to \$969 during the same period in the prior year. There were no vested stock options during the period ending March 31, 2017.

There is no new information to report on the litigation with the Kingdom of Spain in regards to the Corcoesto Gold Project.

EDGEWATER EXPLORATION LTD.

Interim Management's Discussion and Analysis – Quarterly Highlights

For the Period Ended March 31, 2017

(Expressed in Canadian Dollars - Unaudited)

Summary of Quarterly Results

The following information is derived from the Company's unaudited interim consolidated financial statements for the past eight quarters.

	Revenue		Net loss		Loss per share
March 31, 2017 ⁽¹⁾	\$	Nil	\$	51,607	\$ 0.00
December 31, 2016	\$	Nil	\$	36,616	\$ 0.00
September 30, 2016	\$	Nil	\$	59,441	\$ 0.00
June 30, 2016	\$	Nil	\$	69,043	\$ 0.00
March 31, 2016	\$	Nil	\$	97,152	\$ 0.00
December 31 2015	\$	Nil	\$	146,536	\$ 0.00
September 30, 2015	\$	Nil	\$	89,360	\$ 0.00
June 30, 2015	\$	Nil	\$	114,835	\$ 0.00

⁽¹⁾Refer to section "Results of Operations" for an explanation of some of the expenses making up the loss for the quarter ending March 31, 2017.

Liquidity and Capital Resources

The Company has financed the majority of its operations and work programs to date through equity issuances. There can be no assurance of continued access to sufficient equity funding. Management believes it will be able to raise equity capital as required in the long term, but recognize there will be risks involved that may be beyond their control. The Company has no outstanding debt facility upon which to draw. Cash is invested in business accounts with large financial institutions, and is available on demand for the Company's operations, and is not held in any asset backed commercial paper investments. All current liabilities of the Company are of short-term nature and payable within the next 12 months.

The 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 March 31, 2017, the Company had \$46,342,883 in accumulated deficit and negative working capital of \$212,122.

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. There is no assurance that the Company will be able to obtain additional financing or resolve its dispute with Spain in the future. There are no recent updates or developments to the litigation status as at the date of these statements.

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.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

EDGEWATER EXPLORATION LTD.

Interim Management's Discussion and Analysis – Quarterly Highlights

For the Period Ended March 31, 2017

(Expressed in Canadian Dollars - Unaudited)

Transactions with Related Parties

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

Included in trade and other receivables is a receivable from related companies amounting to \$2,481 (2016 - \$nil). The amounts receivable relates to shared rent.

During the period ending March 31, 2017, the Company recovered \$2,481 (2016 - \$23,138) in rent expense from related companies. The rental office sharing arrangement with the related companies was made in order to minimize administration costs and is on a month-to-month basis.

Share-based payments to key management personnel of the Company amounted to \$nil during the period ending March 31, 2017 (2016 - \$826).

Proposed Transactions

None.

Critical Accounting Estimates and Judgements

The significant accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in Note 2 of the Company's 2016 audited consolidated financial statements. Critical accounting estimates remain the same as disclosed in the 2016 audited annual consolidated financial statements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, GST and other receivables, short-term investment, reclamation deposits and restricted cash, trade and other payables, current provision for government grants, provision for government grants, and deferred revenue. Cash, GST and other receivables, short-term investment, and reclamation deposits and restricted cash are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Gains and losses resulting from revaluations, impairment write-downs, and foreign exchange translation adjustments are recognized in net earnings for the period. Revaluation gains and losses, if any, are included in other comprehensive income /loss until the asset is removed from the balance sheet.

Trade and other payables, current provision for government grants, provision for government grants, and deferred revenue are classified as other financial liabilities. Other financial liabilities are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Gains and losses resulting from revaluation and foreign exchange translation adjustments are recognized in net earnings for the period. The fair value of GST and other receivables approximates their carrying values due to their short-term maturity.

The Company does not use derivative instruments or hedges to manage various risks because the Company's exposure to credit risk, liquidity risk, and market risks (including interest rate risk and currency risk) is relatively low. Cash is held through large financial institutions. Additional disclosures relating to the Company's financial instruments can be found in Note 7 of the condensed interim consolidated financial statements for the period ended March 31, 2017.

EDGEWATER EXPLORATION LTD.**Interim Management's Discussion and Analysis – Quarterly Highlights****For the Period Ended March 31, 2017**(Expressed in Canadian Dollars - Unaudited)

Disclosure of Outstanding Share Data

The following describes the outstanding share data of the Company as at May 24, 2017. Note 4 of the Company's condensed interim consolidated financial statements for the period ended March 31, 2017 contain additional information on the Company's share capital.

	Number Outstanding
Common shares	31,173,609
Options to purchase common shares	1,318,750
Warrants to purchase common shares	8,975,000
