

**EDGEWATER EXPLORATION LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars - Unaudited)

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

**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, 2023.

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

	Note	September 30, 2023	December 31, 2022
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 5,349	\$ 9,177
Short-term investment		610,620	640,620
GST receivable		159	1,181
Prepaid expenses		11,464	16,363
		<b>\$ 627,592</b>	<b>\$ 667,342</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>			
<b>Current</b>			
Trade and other payables	4	\$ 2,126,124	\$ 2,128,899
<b>Shareholders' deficit</b>			
Share capital		31,333,685	31,333,685
Share-based payments reserve		4,799,487	4,799,487
Warrants reserve		6,738,223	6,738,223
Accumulated deficit		(44,369,927)	(44,332,953)
		<b>(1,498,532)</b>	<b>(1,461,557)</b>
		<b>\$ 627,592</b>	<b>\$ 667,342</b>

On behalf of the Audit Committee:

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*"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, 2023 AND 2022**

	Common shares		Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
	Number	Amount				
Balance – January 1, 2023	38,923,609	\$ 31,333,685	\$ 4,799,487	\$ 6,738,223	\$ (44,332,953)	\$ (1,461,557)
Net loss for the period	-	-	-	-	(36,976)	(36,976)
<b>Balance – September 30, 2023</b>	<b>38,923,609</b>	<b>\$ 31,333,685</b>	<b>\$ 4,799,487</b>	<b>\$ 6,738,223</b>	<b>\$ (44,369,927)</b>	<b>\$ (1,498,532)</b>

  

	Common shares		Share-based payments reserve	Warrants reserves	Accumulated other comprehensive income	Accumulated deficit	Total
	Number	Amount					
Balance – January 1, 2022	38,923,609	\$ 31,333,685	\$ 4,799,487	\$ 6,738,223	\$ 1,149,308	\$ (45,267,970)	\$ (1,247,266)
Net income for the period	-	-	-	-	-	843,666	843,666
Accum. other comprehensive income	-	-	-	-	(1,100,980)	-	(1,100,980)
Foreign currency translation	-	-	-	-	133,492	-	133,492
<b>Balance – September 30, 2022</b>	<b>38,923,609</b>	<b>\$ 31,333,685</b>	<b>\$ 4,799,487</b>	<b>\$ 6,738,223</b>	<b>\$ 181,819</b>	<b>\$ (44,424,305)</b>	<b>\$ (1,371,090)</b>

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

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

	<b>For the Three Months Ended September 30, 2023</b>	<b>For the Three Months Ended September 30, 2022</b>	<b>For the Nine Months Ended September 30, 2023</b>	<b>For the Nine Months Ended September 30, 2022</b>
<b>EXPENSES</b>				
Accounting and audit fees	\$ 10,165	\$ 17,500	\$ 32,028	\$ 42,155
Foreign exchange loss (gain)	4,980	60,079	(16,389)	143,321
Insurance	2,050	2,050	6,150	6,368
Legal	670	833	4,968	12,029
Office costs	790	658	1,354	2,366
Repairs and maintenance	-	-	-	21,205
Rent expense	-	-	-	15,426
Shareholder relations	-	-	1,246	1,193
Trust and regulatory fees	1,799	2,425	8,188	8,552
	<b>\$ 20,453</b>	<b>\$ 83,546</b>	<b>\$ 37,545</b>	<b>\$ 252,616</b>
<b>OTHER INCOME</b>				
Interest income	(57)	(19)	(569)	(1,606)
Gain on sale of subsidiary	-	-	-	(1,094,677)
<b>Net loss (income) for the period</b>	<b>\$ 20,397</b>	<b>\$ 83,527</b>	<b>\$ 36,976</b>	<b>\$ (843,666)</b>
<b>OTHER COMPREHENSIVE LOSS (INCOME)</b>				
Foreign currency translation	-	(1,102)	-	(133,492)
Accum. other comprehensive income	-	-	-	1,100,980
<b>Comprehensive loss for the period</b>	<b>\$ 20,397</b>	<b>\$ 82,424</b>	<b>\$ 36,976</b>	<b>\$ 123,821</b>
<b>Income per share – basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ (0.02)</b>
<b>Weighted average number of shares outstanding:</b>				
Basic and diluted	<b>38,923,609</b>	<b>38,923,609</b>	<b>38,923,609</b>	<b>38,923,609</b>

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**

	2023	2022
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Cash flows from operating activities:</b>		
Net income (loss) for the period	\$ (36,976)	\$ 843,666
Interest income reclassified to cash flow from investing activities	(569)	(1,606)
Non-cash items:		
Unrealized foreign exchange	-	118,328
Gain on sale of subsidiary	-	(1,094,677)
Changes in non-cash working capital:		
GST and other receivables	1,022	2,060
Prepaid expenses	4,901	11,855
Trade and other payables	(2,775)	5,247
	<b>(34,397)</b>	<b>(115,127)</b>
<b>Cash flows from investing activities:</b>		
Interest income	569	1,606
Redemption (purchase) of short-term investments	30,000	(208,587)
	<b>30,569</b>	<b>(206,981)</b>
Effect of exchange rate on cash	-	(10,768)
<b>Decrease in cash</b>	<b>(3,828)</b>	<b>(332,876)</b>
<b>Cash – beginning of period</b>	<b>9,177</b>	<b>336,258</b>
<b>Cash – end of period</b>	<b>\$ 5,349</b>	<b>\$ 3,383</b>

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

**EDGEWATER EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars - Unaudited)  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

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**1. NATURE OF OPERATIONS**

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 1560 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6.

**2. BASIS OF PREPARATION**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

Other than as stated below, these condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent audited consolidated financial statements of the Company.

These condensed consolidated interim financial statements were authorized for issue by the Audit Committee on November 2, 2023.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company’s financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

**4. TRADE AND OTHER PAYABLES**

	<b>September 30, 2023</b>	December 31, 2022
Trade payables and accruals	\$ 31,989	\$ 18,301
Arbitration settlement liability	<b>2,094,134</b>	2,110,598
	<b>\$ 2,126,124</b>	\$ 2,128,899

**5. SHARE CAPITAL**

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

**EDGEWATER EXPLORATION LTD.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars - Unaudited)  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

**6. SEGMENTED INFORMATION**

The Company operates in a single segment. The Company's business is the acquisition, exploration, evaluation, and development of mineral resource properties. The Company has no reportable segment revenues.

	<b>September 30,</b>	December 31,
	<b>2023</b>	2022
<i>Assets by geographic location, at cost</i>		
Canada		
Total assets	\$ 627,592	\$ 667,341
Total liabilities	\$ 31,989	\$ 18,301
Panama		
Total liabilities	\$ 2,094,134	\$ 2,110,598

The following geographic data denotes net loss (income) based on their country of origin for the nine months ended:

	<b>September 30,</b>	September 30,
	<b>2023</b>	2022
Canada	\$ 53,442	\$ 80,408
Spain	-	116,934
Panama	<b>(16,466)</b>	<b>(1,041,008)</b>
<b>Loss (income) for the period</b>	<b>\$ 36,976</b>	<b>\$ (843,666)</b>

**7. FINANCIAL INSTRUMENTS**

The Company's financial assets and liabilities consist of cash, receivables, short-term investments, and trade and other payables.

(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'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.

As at September 30, 2023, the Company had a working capital deficit of \$1,498,532, as a result of the accrual of the arbitration award costs in the Company's Panamanian subsidiary. Management considers that the Company has sufficient available cash and cash equivalents to be able to continue in operations for at least the next twelve months.

(b) *Credit Risk*

The Company's credit risk is primarily attributable to its cash, short-term investment, and other receivables. The risk exposure is limited to their carrying values at the balance sheet date. Cash is held as cash deposits or invested in GICs with counterparties that carry investment grade ratings as assessed by external rating agencies.

(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.

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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

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**7. FINANCIAL INSTRUMENTS – cont’d.**

i) Currency Risk

The Company’s functional currency is the Canadian dollar. 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.

ii) Interest Rate Risk

The Company’s interest rate risk arises from the interest earned on its deposits and short-term investments. Deposits including its short-term investments are invested on a short-term basis to enable adequate liquidity for payment of operational 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, and deficit.