

EDGEWATER EXPLORATION LTD.

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

DECEMBER 31, 2024 AND 2023



Independent auditor's report

To the Shareholders of Edgewater Exploration Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Edgewater Exploration Ltd. and its subsidiary (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2024 and 2023;
- the consolidated statements of changes in shareholders' deficit for the years ended December 31, 2024 and 2023;
- the consolidated statements of loss for the years ended December 31, 2024 and 2023;
- the consolidated statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca_vancouver_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Melanie Matthews.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
January 28, 2025

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

	Note	December 31, 2024	December 31, 2023
ASSETS			
Current			
Cash		\$ 3,502	\$ 6,553
Short-term investments	3	595,053	610,897
GST receivable		108	1,161
Prepaid and other receivables		3,360	14,504
		\$ 602,023	\$ 633,115
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current			
Trade and other payables	4	\$ 2,249,138	\$ 2,128,127
Shareholders' deficit			
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		(44,518,511)	(44,366,409)
		(1,647,115)	(1,495,013)
		\$ 602,023	\$ 633,115
Liquidity risk	4 & 7(a)		

On behalf of the Board:

"Danny Lee"

Director

"Douglas Forster"

Director

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

EDGEWATER EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Common shares		Share-based payments reserve	Warrants reserves	Accumulated deficit	Total
	Number	Amount				
Balance – January 1, 2024	38,923,609	\$ 31,333,685	\$ 4,799,487	\$ 6,738,223	\$ (44,366,409)	\$ (1,495,013)
Net loss for the year	-	-	-	-	(152,101)	(152,101)
Balance – December 31, 2024	38,923,609	\$ 31,333,685	\$ 4,799,487	\$ 6,738,223	\$ (44,518,511)	\$ (1,647,115)

	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 year	-	-	-	-	(33,457)	(33,457)
Balance – December 31, 2023	38,923,609	\$ 31,333,685	\$ 4,799,487	\$ 6,738,223	\$ (44,366,409)	\$ (1,495,013)

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

EDGEWATER EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

	2024	2023
EXPENSES		
Accounting and audit fees	\$ 46,996	\$ 45,403
Foreign exchange	98,715	(6,345)
Insurance	8,165	8,200
Legal	4,274	5,128
Office costs	1,053	1,356
Regulatory fees	13,933	11,068
Shareholder relations	1,186	1,246
	174,322	66,055
OTHER INCOME		
Interest and other income	(22,222)	(32,598)
Loss for the year	\$ 152,101	\$ 33,457
Loss per share – basic and diluted	\$ 0.00	\$ 0.00
Weighted average number of shares outstanding:		
Basic and diluted	38,923,609	38,923,609

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

EDGEWATER EXPLORATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31

	2024	2023
CASH PROVIDED BY (USED IN):		
Cash flows from operating activities:		
Net loss for the year	\$ (152,101)	\$ (33,457)
Interest income reclassified to cash flow from investing activities	(22,222)	(32,598)
Non-cash items:		
Interest income	3,360	6,340
Unrealized foreign exchange	98,621	-
Changes in non-cash working capital:		
GST and other receivables	1,052	20
Prepaid and other receivables	7,784	1,861
Trade and other payables	22,389	(771)
	(41,117)	(58,605)
Cash flows from investing activities:		
Interest income	18,862	26,258
Purchase of short-term investments	(20,796)	(25,277)
Redemption of short-term investments	40,000	55,000
	38,066	55,981
Decrease in cash	(3,051)	(2,624)
Cash – beginning of year	6,553	9,177
Cash – end of year	\$ 3,502	\$ 6,553

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

EDGEWATER EXPLORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. NATURE OF OPERATIONS

Edgewater Exploration Ltd. and its subsidiary (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 1560 – 200 Burrard Street, Vancouver, British Columbia, V6C 3L6.

The Board of Directors approved these consolidated financial statements for issue on January 28, 2025.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

Basis of measurement

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiary. The subsidiary of the Company is as follows:

<u>Entity</u>	<u>Location</u>	<u>2024</u>	<u>2023</u>
<u>Subsidiary (Consolidated)</u>			
Corcoesto, S.A.	Panama	100%	100%

Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date which control is transferred until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

Significant judgments, estimates and assumptions

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. Management has no intention in settling the award costs to the Kingdom of Spain. Management’s view is that this award of costs relates solely to Corcoesto S.A. and accordingly, the Tribunal has no recourse against Edgewater Exploration Ltd. Actual results could differ from these estimates.

Cash

Cash includes cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in value.

Short-term investment

Investments held for a period not exceeding one year or with an outstanding term to maturity not exceeding one year are classified as short-term investments. Short-term investments are recorded at amortized cost with interest earned while holding them reported as interest income in the consolidated statements of loss.

EDGEWATER EXPLORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd.)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset-liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the balance sheet. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it does not recognize the asset. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. The Company records proceeds from the exercise of stock options and warrants as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is recorded at the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably on the date of issue. The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a relative fair value basis, wherein, the fair value of the common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments

Financial assets

An entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company classifies its financial assets as follows:

Held at amortized cost

Financial assets with fixed or determinable payments that are not quoted on an active market are held at amortized cost. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition such financial assets are measured at amortized cost using the effective interest method. This category includes cash and short-term investment.

Financial liabilities

Financial liabilities are classified into the following:

Held at amortized cost

This category includes trade and other payables, which are recognized at amortized cost using the effective interest method.

EDGEWATER EXPLORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (cont'd.)

Currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates, which is known as the functional currency. The functional currency of Edgewater Exploration Ltd. and Corcoesto S.A. is the Canadian dollar. The presentation currency of the consolidated financial statements is the Canadian dollar.

3. SHORT-TERM INVESTMENTS

Guaranteed investment certificates ("GIC") with an aggregate principal value of \$595,053 (2023 - \$610,897) are held with a Canadian chartered bank as of December 31, 2024. The GICs earn an annual interest rate of 2.50% and mature in July 2025 and November 2025. The GICs are redeemable at any time without penalty.

4. TRADE AND OTHER PAYABLES

	December 31,	December 31,
	2024	2023
Trade payables and accruals	\$ 46,339	\$ 23,950
Arbitration settlement liability	<u>2,202,799</u>	<u>2,104,178</u>
	<u>\$ 2,249,138</u>	<u>\$ 2,128,127</u>

During 2013, the Company was informed that it had not complied with all the criteria required to obtain all necessary permits to advance the Corcoesto Gold Project and as a result, Galician authorities cancelled all of the Company's permitting applications. In 2015, the Company served the Kingdom of Spain a notice of dispute pursuant to the terms of the bilateral investment treaty between Spain and Panama. Corcoesto S.A., the Company's Panamanian subsidiary, commenced arbitration in 2016 under the Spain-Panama bilateral investment treaty and the UNCITRAL Arbitration Rules (1976). The seat of the arbitration was Paris, France. Following a hearing in April 2018, the Tribunal rejected unanimously the first four of five jurisdictional objections raised by the Kingdom of Spain but upheld, by majority, the fifth jurisdictional objection, finding that Corcoesto S.A. was incorporated at a time when the dispute was foreseeable. The majority concluded on that basis that it had no jurisdiction to decide on the merits of the claims. The dissenting arbitrator opined that the majority's decision erred in both law and fact and that the Tribunal did have jurisdiction and should have decided the merits of the claims. The claims were dismissed and on April 14, 2020, the Tribunal in Corcoesto S.A. v the Kingdom of Spain rendered its award. The Tribunal awarded costs of €878,031.21 and US\$620,000 (equivalent to \$2,202,799) to be paid by the Company's Panamanian subsidiary, Corcoesto S.A. to the Kingdom of Spain. Management's view is that this award of costs relates solely to Corcoesto S.A. and accordingly, the Tribunal has no recourse against Edgewater Exploration Ltd.

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 CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 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.

	December 31, 2024	December 31, 2023
<i>Assets by geographic location, at cost</i>		
Canada		
Total assets	\$ 602,023	\$ 633,115
Total liabilities	\$ 46,339	\$ 23,950
Panama		
Total liabilities	\$ 2,202,799	\$ 2,104,178

	December 31, 2024	December 31, 2023
Canada	\$ 53,480	\$ 39,880
Panama	98,621	(6,422)
Loss for the year	\$ 152,101	\$ 33,457

7. FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash, other 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 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.

As of December 31, 2024, the Company had a working capital deficit of \$1,647,115 as a result of the arbitration award costs in the Company's Panamanian subsidiary (Note 4). 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 investments, 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.

EDGEWATER EXPLORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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 investment. Deposits including its short-term investment 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 risk 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, comprised of issued capital, share-based payments reserve, warrants reserve, and deficit.

8. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision for the years ended December 31 is as follows:

	<u>2024</u>	<u>2023</u>
Loss for the year before income taxes	\$ 152,101	\$ 33,457
Effective statutory rate	27%	27%
Expected income tax benefit	\$ 41,067	\$ 9,033
Effect of different tax rates	(26,628)	-
Tax assets derecognized	-	-
Change in tax benefits not recognized	(14,440)	(9,033)
	<u>\$ -</u>	<u>\$ -</u>

Deferred income tax assets and liabilities reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred income tax assets and liabilities as at December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Deferred income tax assets not recognized:		
Non-capital loss carry-forwards	\$ 5,915,038	\$ 5,902,332

The Company has non-capital losses in Canada of approximately \$21.9 million (2023 - \$21.9 million), which can be used to reduce taxable income in future years. These losses, if not utilized, will expire as follows:

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030 and later years</u>	<u>Total</u>
Canada	\$15,227	\$63,030	\$207,371	\$21,621,919	\$21,907,547