

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **NAME AND ADDRESS OF COMPANY**

Edgewater Wireless Systems Inc.
408 Churchill Avenue North
Ottawa, Ontario
K1Z 5C6

2. **DATE OF MATERIAL CHANGE**

September 4, 2018

3. **NEWS RELEASE**

News release dated September 10, 2018 was disseminated through the facilities of Newswire

4. **SUMMARY OF MATERIAL CHANGE**

Edgewater Wireless Systems Inc. closed the second tranche of private placement.

5. **FULL DESCRIPTION OF MATERIAL CHANGE**

Edgewater Wireless Systems Inc. (TSX-V: YFI) (OTCQB: KPIFF) (the “Company”), the developer of WiFi3™ multi-channel WiFi chipsets and access point products for high-density wireless networks, is pleased to announce the closing of the second tranche of the Company’s private placement, previously announced on July 25, 2018. The first tranche closing was announced on August 21, 2018.

Pursuant to the first tranche closing, the Company issued 10,726,106 units and pursuant to the second tranche closing, the Company issued 812,500 units for an aggregate of 11,538,606 units (the “Units”) at a price of \$0.16 per Unit to raise aggregate gross proceeds of \$1,846,177. Each Unit consists of one common share of the Company and one non-transferable warrant which entitles the holder to purchase one additional common share of the Company, for a period of 60 months from closing, at an exercise price of \$0.24 per share. The warrant will be eligible for accelerated conversion at the option of the Company when the Company’s shares have traded above \$0.45 per share for ten (10) consecutive trading days. This provision will only become effective beginning 12 months after closing the private placement.

Three members of the board of directors participated in the financing. The participation of these directors is considered to be a related party transaction pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction (“MI 61-101”). The Company determined that exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 were available for the related party transaction pursuant to Section 5.5(a) and Section 5.7(1)(a) of MI 61-101 on the basis that the fair market value of the transaction involving related parties was not more than 25 per cent of the company’s market capitalization.

It is intended that the proceeds from the offering will be allocated as follows: manufacturing and production to fulfill obligations with the company's customers and to scale for cable industry requirements with customers like Mediacom Communications; focused engineering and product development; and working capital and operating expenses.

There were no finder's fees paid in connection with the second tranche of the private placement. The securities issued pursuant to the second tranche of the private placement will be subject to a statutory four month hold period ending on January 5, 2019.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. EXECUTIVE OFFICER

Andrew Skafel, President & CEO
Telephone: 613-271-3710

9. DATE OF REPORT

September 20, 2018