

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: KWG RESOURCES INC. (the "Issuer").

Trading Symbol: KWG / KWG.A

Number of Outstanding Listed Securities: 1,019,496,927 **Subordinate** **Voting**
Shares / 237,049 Multiple Voting Shares

Date: January 3, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Issuer continued to assess potential exploration programs and other project development initiatives for its various mineral properties in Ontario,

its intellectual property rights and other business initiatives.

2. Provide a general overview and discussion of the activities of management.

In December, the board of directors and management assisted with the developments described in Section 1 above. The management and the directors continued to evaluate the Issuer's existing projects, potential exploration programs and potential acquisitions as well as other business development strategies.

On December 9, 2019, the Issuer announced that debenture-holders holding a requisite majority of Convertible Debentures issued by the Issuer with a maturity date of December 15, 2019 (collectively, the "Convertible Debentures") agreed to extend the maturity date until March 31, 2021, which includes the time within which the Issuer may exercise the right to satisfy the Convertible Debentures by converting them into treasury units of the Issuer. Pursuant to Pari Passu Agreements signed by every debenture-holder of the series with a maturity date of December 15, 2019, the agreement by the requisite majority is binding on all of the debenture-holders of that series (collectively, the "Debenture-holders"). Convertible Debentures with an aggregate principal of \$3,775,405.83 are currently outstanding and held by 16 Debenture-holders. Warrants to purchase shares issued to purchasers of the Convertible Debentures, or upon conversion of them into treasury units, will also have their exercise date extended to March 31, 2021.

As consideration for the extension, the Issuer agreed, subject to any necessary regulatory approvals, to distribute Delivery Warrants to the Debenture-holders as an extension fee. For each \$35.00 principal amount of Convertible Debentures, the Debenture-holders will receive Delivery Warrants exchangeable on a first-come aliquot basis for one ton of warehoused ferrochrome. The terms of the Delivery Warrants will provide that they may be tendered by their holders to receive ferrochrome from 1% of any future ferrochrome production from the Issuer's chromite mineral interests, if and when produced. The Issuer intends to set a ferrochrome delivery standard for ferrochrome after processing to be approximately 52% chrome content with carbon content of 6% - 8%, silica content not exceeding 1.5% and the remaining fraction being principally iron. The Issuer proposes to list the Delivery Warrants for trading on the Canadian Securities Exchange (the "CSE") which, if implemented, could provide a liquid market for ferrochrome price hedging. The Issuer is planning to proceed with a Rights Offering to meet a CSE listing condition of demonstrating a sufficiently wide distribution of the Delivery Warrants. The Issuer is planning to announce terms of the Rights Offering in early 2020.

In connection with the creation of the Delivery Warrants, the Issuer will undertake to provide a security interest in its chromite mineral title to back the obligation for future delivery and will also undertake that, should production of ferrochrome ensue in future from minerals recovered from those mineral claims, 1% of all such production will be warehoused on an

ongoing basis to provide stocks of ferrochrome for delivery to warrant-holders wishing to take delivery of ferrochrome in exchange for tender and cancellation of their corresponding Delivery Warrants. The Issuer does not currently own any ferrochrome or produce any chromite or ferrochrome and there is no assurance that the Issuer will ever own or produce any chromite or ferrochrome; accordingly, holders of Delivery Warrants may never be able to take delivery of ferro-chrome pursuant to the Delivery Warrants.

The Issuer is a mineral exploration company with mineral exploration claims in the Ring of Fire area of northwestern Ontario. The Issuer does not currently have any reserves (within the meaning of National Instrument 43-101) of chromite inasmuch as its mineral interests there are all in the categories of measured, indicated and inferred resources and there is no assurance that the Issuer will ever own or produce ferrochrome or chrome. The Issuer has a 30% joint venture interest in the Big Daddy deposit which contains NI 43-101 measured and indicated resources of 29.1 million Tonnes of 31.7% chrome oxide and inferred resources of 3.4 million Tonnes of 28.1% chrome oxide. The Issuer has a 50% interest in the Black Horse deposit which contains NI 43-101 inferred resources of 85.9 million Tonnes of 34.5% chrome oxide. The Issuer does not currently produce any chromite or ferrochrome from these or any other deposits and there is no assurance that the Issuer will ever produce any chromite or ferrochrome.

On December 20, 2019, the Issuer further announced that the holder of an earlier-issued convertible debenture (of a different series of debentures and not a party to the Pari Passu Agreements which govern the other Convertible Debentures) in the principal amount of \$500,000 agreed to extend its maturity until March 26, 2021. As consideration for the extension, the Issuer agreed to distribute Delivery Warrants to the debenture holder and amend the redemption amount due and bearing interest as of December 19, 2019 to \$525,000.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Not applicable.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Not applicable.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.

8. Describe the acquisition of new customers or loss of customers.

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Not applicable.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Not applicable.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

(1) State aggregate proceeds and intended allocation proceeds.

15. Provide details of any loans to or by Related Persons.

Not applicable.

16. Provide details of any changes in directors, officers or committee members.

Not applicable.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Issuer will remain subject to general market trends that impact the junior resource sector, including the ability of junior resource companies to obtain financing.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: January 3, 2020.

Frank Smeenck
Name of Director or Senior Officer

Signed: "Frank Smeenck"
Signature

President & CEO
Official Capacity

Issuer Details Name of Issuer KWG Resources Inc.	For Month End December 31, 2019	Date of Report YY/MM/D 2020/01/03
Issuer Address 141 Adelaide Street West, Suite 420		
City/Province/Postal Code Toronto, Ontario M5H 3L5	Issuer Fax No. (416) 644-0592	Issuer Telephone No. 1-(888) 644-1374
Contact Name Frank Smeenck	Contact Position President and Chief Executive Officer	Contact Telephone No. (416) 642-3575
Contact Email Address fcs@kwgresources.com	Web Site Address www.kwgresources.com	