

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: KWG / KWG.A

Number of Outstanding Listed Securities: 1,025,579,127 **Subordinate Voting**
Shares / 1,487,633 Multiple Voting Shares

Date: August 4, 2021

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 (also sometimes referred to as "KWG" or the "Company") 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.

On July 16, 2021, at the request of staff (“Staff”) of the Ontario Securities Commission (“OSC”) the Issuer clarified certain matters following an issue-oriented review by Staff of the OSC of KWG’s continuous disclosure record.

Economic Projections:

The Issuer filed a number of technical reports in accordance with NI 43-101. They included technical reports for the Big Daddy deposit dated May 27, 2011 and November 12, 2014. The May 2011 technical report is a preliminary economic assessment based on the deposit’s estimated resources described therein. The November 2014 technical report is an update (and increase) in respect of the deposit’s estimated resources; however, it is not an update of the economic assessment for those resources and does not include information necessary to support disclosure of a preliminary economic assessment in respect of the estimated resources described in the November 2014 technical report. The May 2011 technical report is no longer current and should not be relied upon.

The Issuer also determined to retract the economic projections referred to in the Issuer’s website based on the May 27, 2011 technical report which had been completed in 2011 in accordance with National Instrument 43-101 - *Standards for Disclosure for Mineral Projects* (“NI 43-101”) and filed on Sedar at that time. Prior to January 2018, the Issuer had referred to various projects in the Ring of Fire and to the Ring of Fire as a whole and in respect thereof confirmed to Staff that the Issuer would make no further references in its public disclosure materials to estimates of the value of mineral resources until completion and publication of applicable preliminary economic assessments, pre-feasibility studies or feasibility studies to support such estimates (see *the Issuer’s news release dated January 9, 2018*).

At the request of Staff, the Issuer has also removed references and links to certain websites, papers, studies, analysts’ reports and newspaper articles – including (i) a paper presented by Barnes, Muinonen and Lavigne to the CIM Metallurgical Society, (ii) the Rail vs Road Trade-off Study dated February 11, 2013 by Tetra Tech, (iii) the Pope & Company analyst report, 2013, and (iv) the article from the Greenstone Times-Star dated January 2010 - those materials should not be relied upon. In respect of the Rail vs Road Trade-off Study dated February 11, 2013 by Tetra Tech, the Issuer retracted any parts thereof which may be interpreted as implying economic feasibility and advised that such study should not be relied upon as a feasibility study of a mining project within the meaning of NI 43-101.

In Situ Value:

Within the Issuer's website were some statements from a newspaper article and some links to websites of newspapers and other companies that referred to in-situ or gross metal values. In-situ and gross metal values are governed by restricted disclosure provisions in section 2.3 of NI 43-101. At the request of Staff following their review of KWG's continuous disclosure record, KWG determined to retract certain statements from that newspaper article and to remove references and links to certain websites as those materials do not appear to be based on an acceptable method of valuation, omit material information and do not appear to have an acceptable relationship to economic viability, value or potential return to investors and, accordingly, such materials – including a Mineralfields monthly newsletter from May 2010 and a Middelkoop analyst report from February 9, 2009 - should not be relied upon. Similarly, a statement by the recently appointed Chief Operating Officer of the Company's wholly owned subsidiary, Canada Chrome Corporation ("CCC"), in a newspaper several months ago referring to an estimated value of the minerals in the Ring of Fire was retracted and should not be relied upon.

Exploration Target:

Within the Issuer's website in respect of its Black Horse chromite deposit there was a statement regarding tonnage of deposits which the Issuer regarded as a forward-looking statement regarding a potential reconstruction of the deposits and their resources. At the request of Staff following their review of KWG's continuous disclosure record, KWG determined to retract that statement. That tonnage was not a mineral resource within the meaning of CIM definitions and was not described as an exploration target with a range of tonnage and grade with required cautionary language in accordance with NI 43-101. The Issuer also determined to remove references to the reconstruction potential; that statement should not be relied upon.

Rail Transportation Corridor:

Within the website of the Issuer's wholly owned subsidiary, Canada Chrome Corporation, (the "CCC website") was a statement regarding the staking of that route by the Issuer and the reasons therefor. At the request of Staff following their review of KWG's continuous disclosure record, KWG determined to retract that statement and remove from the CCC website references to the reasons for staking those claims; those statements should not be relied upon.

Canada Chrome Website:

Within the CCC website, there were references to some of the matters being retracted and removed from the Issuer's website. All such matters

which appeared in the CCC website were similarly retracted and removed from the CCC website.

Engagement of Rail-Veyor and Cormorant Utility Services

In July, 2021, the Issuer engaged Rail-Veyor Technologies Global Inc. and Cormorant Utility Services Ltd. for the preparation of Design Engineering Feasibility Proposals to construct an ore haulage system and electrical power transmission lines to the Ring of Fire and several contiguous remote communities.

The power line proposal will enable the Rail-Veyor haulage proposal to be prepared on the basis of Hydro One electricity rates rather than the very high-cost diesel-generated alternative. The Rail-Veyor ore haulage system will facilitate the direct transport of chromite ore from underground, across the surface of mining claims staked and assessed for that purpose by KWG subsidiary Canada Chrome Corporation, along 330 kilometers. It has been proposed that the utility corridor assets may be vested in a Trust in order to be operated by the beneficiaries whose traditional territories host this infrastructure, so the provision of the Ring of Fire's mining transportation requirements can become a substantial and independent indigenous enterprise.

The Cormorant Utilities proposal will cost CA\$2.4 million and the Rail-Veyor proposal will cost US\$1.2 million with those costs paid for with treasury shares of Canada Chrome Corporation which may be tendered in payment for options to acquire KWG.A shares from treasury, at CA\$7.95 per share.

Proposed Private Placement of Convertible Debentures

Subscriptions to the previously announced \$5 million convertible debenture private placement are expected to be completed in early August. In June, the Issuer had announced that it proposed to complete a private placement of debentures convertible at the holder's option at any time or Company's option after the first anniversary date into treasury units at \$15 each (a "Unit"), for total proceeds of \$5 million. The debentures will earn interest at 12% per annum payable in Units at maturity on June 30, 2023, or upon earlier conversion. Each Unit will be comprised of two KWG.A multiple-voting shares and one multiple-voting share purchase warrant enabling its holder to acquire one further KWG.A multiple-voting share from treasury upon payment of \$9.60 at any time before December 15th, 2023.

Shareholder Meeting

Also, in July the management worked closely with the board of directors in the preparation of required materials for the upcoming annual general and special meeting of the shareholders to be held on September 21, 2021 with

a record date of August 17, 2021.

Other Activities

Other ongoing activities included continuing to examine available alternatives for a distribution of Chrome Delivery Warrants amongst desirable and appropriate potential market participants in order to satisfy that requirement for listing the warrants for trading on CNSX. In those researches considerable time has been invested in considering the utility and mechanics of pledging the company's mineral properties under the *Canada Bank Act* so that the pledgee Schedule 1 bank may be the issuer of the delivery warrants thus qualifying them for margin advances to their holders, of up to 50% of their market value. Communications commenced to examine the efficacy of a Swiss private bank providing a guarantee to the pledgee Schedule 1 bank, in exchange for the mineral property exposure.

These initiatives have also included ongoing communications towards identifying the appropriate assets and avenues for the development and financing of railroad transportation over the company's mineral claims staked and assessed to provide access to markets for the chromite discoveries. In this connection, the recent sale by RCF of its holdings of the convertible debt and equity of Noront Resources, triggered a review of the purchaser group's business plan alignments. (The purchaser, Wyloo Metals, has since indicated that it will bid to acquire all of the Noront shares remaining outstanding and the Company then offered to discuss licensing use of its transportation solution).

These initiatives have also included ongoing communications towards participation of all affected First Nations and the Province of Ontario in a multi-year holistic exploration and development program budget which would provide remote-community funding of infrastructure necessities as a capital cost of the development of the chromite discoveries. These communications included solicitation of support from the ten companies with mineral interests in the area, for the proposed budget and for an application to Ontario to undertake the granting of life-of-mine mineral tenure coincident with the delivery of reclamation sureties upon commencement of production.

More recently, these initiatives have included considering geographical extension of the remote community funding concept as part of an acquisition opportunity being examined.

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

In July, 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.

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, save as reported in Section 1 above.

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.

See Section 1 above.

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⁾
N/A			

(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 has been monitoring the COVID-19 outbreak and the potential impact on its operations and has put measures in place to ensure the wellness of all of its officers, directors and contractors, as well as surrounding communities where the Issuer operates. Currently, fieldwork has been halted on all projects and all corporate personnel travel has been restricted to absolute minimum requirements. Officers and contractors have been encouraged to work remotely. With respect to our operations or work locations in Ontario, we have implemented the typical control measures for dealing with the outbreak of COVID-19. These include self-screening for symptoms and travel history with possible COVID-19 exposure of any employees, visitors and contractors (site personnel) prior to any travel to or from a site and isolation, where necessary, from the general site population. These cautions and precautions rely on voluntary information and voluntary compliance of those working directly or indirectly for the Issuer. We expect that procedures will continue to evolve according to Health Canada, World Health Organization, Center for Disease Control and other applicable governmental guidelines as more becomes known about the virus.

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: August 4, 2021.

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 July 31, 2021	Date of Report YY/MM/D 2021/08/04
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City/Province/Postal Code Toronto, Ontario M5H 3L5	Issuer Fax No. (416) 644-0592	Issuer Telephone No. 1-(888) 644-1374
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