

# FORM 7

## MONTHLY PROGRESS REPORT

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

Trading Symbol:     KWG / KWG.A    

Number of Outstanding Listed Securities:     1,020,332,127     **Subordinate** **Voting**  
**Shares / 237,049 Multiple Voting Shares**

Date:     September 2, 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.

These include examining 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.

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.

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

Effective August 28, 2020, the Issuer announced that due to circumstances created by the COVID-19 pandemic, the Ontario Securities Commission and other members of the Canadian Securities Administrators granted "Issuers" in the Canadian securities industry up to an additional 45 days, to complete statutory filings (the "Extension"). The Issuer intends to make the filings for the quarter ended June 30, 2020 after August 29, 2020 but before the Extension expiry date of October 13, 2020.

Accordingly, as required by the provisions of ONI 51-502, the Issuer's management and other insiders will continue to be subject to a trading

black-out that reflects the principles in Section 9 of National Policy 11-207 until its Interim Filings are filed.

Other than as previously disclosed by the Issuer in news releases, including the information herein, there are no other material business developments since the date of the Issuer's most recent filing of its financial statements and management discussion and analysis for the period ended March 31, 2020. The Issuer will be providing an update news release on the status of filing its June 30, 2020 financial statements by September 28, 2020.

#### Listing approval sought for additional Convertible Debenture issue after filing

The Issuer will also seek regulatory approval for the issue after filing of the financial statements, of \$3 million of Convertible Debentures to be parri passu with previously-issued debentures maturing March 31, 2021. The proposed debenture issue had been announced on April 28, 2020 but was not progressed after filing of the Issuer's financial statements on July 14, 2020.

Proposed terms include that, prior to the maturity date of March 31, 2021 all or part of the sum secured by the debentures are convertible at the option of the Issuer into units with a deemed value of \$21 per unit (each a "Unit"). Each Unit is comprised of four (4) KWG.A multiple voting shares and four (4) multiple voting share purchase warrants, with each such warrant enabling its holder to acquire one further KWG.A multiple voting share from treasury upon payment of \$7.50 at any time within two years from the date of its issuance. The debentures bear interest at a rate of 12% per annum, accruing daily, compounding annually and payable at the earlier of maturity, redemption or conversion, in KWG.A multiple voting shares from treasury at their volume-weighted average price for the ten trading days prior to payment.

For each \$35.00 principal amount of Convertible Debentures, the Debenture-holder will also 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 of 6% – 8%, silica 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.

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.

KWG 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 produce ferrochrome or chrome. KWG 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.

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.

**Not applicable, save as to non-disclosure agreements for the initiatives outlined in 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 <sup>(1)</sup>

*(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: September 2, 2020.

Frank Smeenck  
Name of Director or Senior Officer

Signed by: "Frank Smeenck"  
Signature

President & CEO  
Official Capacity

<b>Issuer Details</b> Name of Issuer <b>KWG Resources Inc.</b>	For Month End <b>August 31, 2020</b>	Date of Report YY/MM/D <b>2020/09/02</b>
Issuer Address <b>141 Adelaide Street West, Suite 420</b>		
City/Province/Postal Code <b>Toronto, Ontario M5H 3L5</b>	Issuer Fax No. <b>(416) 644-0592</b>	Issuer Telephone No. <b>1-(888) 644-1374</b>
Contact Name <b>Frank Smeenck</b>	Contact Position <b>President and Chief Executive Officer</b>	Contact Telephone No. <b>(416) 642-3575</b>
Contact Email Address <b>fcs@kwgresources.com</b>	Web Site Address <b>www.kwgresources.com</b>	