

# FORM 7

## MONTHLY PROGRESS REPORT

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

Trading Symbol:     KWG / KWG.A    

Number of Outstanding Listed Securities:     1,018,076,727     **Subordinate** **Voting**  
**Shares / 196,163 Multiple Voting Shares**

Date:     November 1, 2018    

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 October, 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 as of September, 2018, the Issuer advised the Canadian Securities Exchange ("CSE") that it will extend for a further 120 days from September 28, 2018, the time within which existing options to acquire additional Convertible Debentures of the Issuer may be exercised.

As previously announced, the Issuer received CSE approval for a private placement to a maximum of \$3,000,000 of debentures convertible at the option of the Issuer into units with a deemed value of \$21 per unit (each a "Unit") under which each subscriber receives an option (the "Option") to acquire an equal amount of additional debentures at any time within 120 days from closing. Each Unit is comprised of four KWG.A multiple voting shares and four 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 the debenture's 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 ("VWAP") for the ten trading days prior to payment. The debentures secure repayment of the principal, plus interest earned thereon to the date of payment, plus a premium of 20% of the original principal amount payable immediately following issuance of the debenture by the issuance of Units with a deemed value of \$21 per Unit. At any time and from time to time, the Issuer has the right to redeem the debenture in whole or in part by payment in cash, or convert the debentures in whole or in part into Units.

An aggregate of \$2,576,908.25 of debentures were issued on December 15, 2017 and the balance remain to be issued. The Issuer has advised CSE that the Issuer now anticipates issuing up to an aggregate of \$4,500,000 of the debentures subject to all requisite approvals being first received.

Effective as of October 11, 2018, the Issuer terminated the meeting of its shareholders which had been adjourned to 11:00 o'clock on Friday, October 12, 2018. The purpose of the adjournment was to solicit votes in favour of a special resolution to amend the Articles of Incorporation of the Company to provide its Board of Directors with authority to issue special shares. While a large majority of the shareholders voting supported the amendment, the solicitation failed to achieve the required two-thirds majority needed to pass the special resolution, and the meeting had been terminated.

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 <sup>(1)</sup>
N/A			

*(1) State aggregate proceeds and intended allocation of 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 November 1, 2018.

Frank Smeenck  
Name of Director or Senior Officer

Signed by: "Frank Smeenck"  
Signature

President & CEO  
Official Capacity

<b>Issuer Details</b>		For Month End	Date of Report
Name of Issuer		<b>October 31, 2018</b>	YY/MM/D
<b>KWG Resources Inc.</b>			<b>2018/11/01</b>
Issuer Address			
<b>141 Adelaide Street West, Suite 420</b>			
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.	
<b>Toronto, Ontario M5H 3L5</b>	<b>(416) 644-0592</b>	<b>1-(888) 644-1374</b>	
Contact Name	Contact Position	Contact Telephone No.	
<b>Frank Smeenck</b>	<b>President and Chief Executive Officer</b>	<b>(416) 642-3575</b>	
Contact Email Address	Web Site Address		
<a href="mailto:fcs@primus.ca">fcs@primus.ca</a>	<a href="http://www.kwgresources.com">www.kwgresources.com</a>		